Daily Report

Latin America

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Argentina, Brazil Agree on Mercosur Vehicle Production

PY2411140095 Buenos Aires TELAM in Spanish 0036 GMT 24 Nov 95

[FBIS Translated Text] Buenos Aires, 23 Nov (TELAM) — Argentine Government sources who participated in the negotiations that began in Brasilia this morning have reported that Argentina and Brazil were able to reconcile their positions on trade and the production of vehicles within the framework of Mercosur [Common Market of the South].

The sources consulted by TELAM by telephone said that "the agreement states that Brazil will not implement quotas in the mutual trading of vehicles within Mercosur, and a common sectorial program will be implemented as of 1 January 1996."

The Argentine delegation was headed by Industry Secretary Carlos Magarinos and International Economic Relations Secretary Jorge Campbell.

The Brazilian delegation was headed by Industry, Commerce, and Tourism Minister Dorothea Werneck and Vice Foreign Minister Botafogo Goncalves.

Today's agreement, which was achieved after seven hours of discussions, must be confirmed by the Mercosur presidents and foreign and economic ministers during a meeting to be held 5-7 December in Punta del Este, Uruguay.

The sources told TELAM that "the fact that Brazil acknowledged the rights that have been acquired by Argentina's automotive industry, which has had a sectorial program since 1991, helped the delegations to reach an agreement."

They added that "there will be no quotas in the sectorial exchange within Mercosur, and the automotive parts of the two countries will be negotiated without tariffs and will be considered as national automotive parts if they are compensated by exports."

"Argentina had to give up the inclusion in the automotive program of the automotive parts manufacturers," the sources added, but they indicated that Brazil also had to make concessions.

They pointed out, for example, that "they had to eliminate a paragraph that stated that the sector's financial investments were to be considered as a part of their exports, and another paragraph that indicated that products for export would be exempt from complying with internal national prerequisites."

"Therefore," the sources said, "the two countries came to an agreement on the fundamental prerequisite that calls for 60 percent of national components and 40 percent of imported components in the manufacturing of vehicles."

They added that "there was full agreement regarding the compatibility of production incentives, investment, and external trade."

Rio Group Holds Antidrug Policy Meeging in Quito

PY2511015995 Quito Voz de Los Andes in Spanish 2300 GMT 24 Nov 95

[FBIS Translated Text] Rio Group member countries are holding a technical meeting to draft a common policy to combat drug trafficking and promote cooperation measures with drug consuming countries.

Ecuadoran Foreign Minister Galo Leoro Franco, the Rio Group pro tempore secretary, said: It is necessary for the Rio Group to have its own policy to combat drug trafficking and drug-related crimes, a policy that will reflect the demands and interests of our countries.

The actions and measures to achieve this objective are being discussed in Quito by a Rio Group working team comprising Argentina, Bolivia, Brazil, Colombia, Ecuador, Mexico, Panama, Paraguay, Peru and Uruguay.

The national coordinators representing these countries will discuss an agenda that will reflect the Rio Group policy to combat drug trafficking and drug-related policy into the 21st century.

This policy was one of the resolutions adopted during the Ninth Rio Group Presidential Summit held in Quito in September. During that meeting, the presidents also decided to promote regional legislation that will allow the countries to conduct joint counternarcotics operations.

During the opening ceremony, Leoro Franco warned that Latin American and Caribbean countries may become cocaine consumer countries in view of the drop in the price of coca leaves. He said: In view of this, the Rio Group is compelled to have its own counternarcotics policy.

Uruguayan, Paraguayan, Peruvian Presidents Open Forum

PY2711105095 Buenos Aires TELAM in Spanish 1853 GMT 24 Nov 95

[FBIS Translated Text] Punta del Este, Uruguay, 24 Nov (TELAM-SNI) — The presidents of Uruguay, Paraguay, and Peru agreed in Punta del Este today that small and medium-size enterprises are very important for economic and social development.

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Julio Maria Sanguinetti, Juan Carlos Wasmosy, and Alberto Fujimori today inaugurated the "Bolivar Forum of Latin American Companies," which is organized by the Inter-American Development Bank (IDB), and which will continue until 26 November.

The three heads of state said before some 300 entrepreneurs, representatives of international organizations, and authorities of Latin American, European, and Asian countries that their respective governments will continue promoting the development of small and medium-size companies.

Fujimori said that his country is starting to feel the effects of an economic revival, adding that for the first time in 30 years investors are coming to the country to invest in traditional local productive areas.

The Peruvian president stressed that the key to this new development "is not to ignore the people operating in the parallel economy or consider that traditional production is the only motor moving the economy."

The economic crisis that affected Peru some time ago "was not as bad thanks to women working as small entrepreneurs," Fujimori said. The Peruvian president also said that in his country today "the state apparatus has been mobilized to encourage production and social development."

"We are trying to put an end to a historic imbalance," Fujimori emphasized, adding that "the Peruvian state will continue to play a role in the efforts to generate the minimum conditions permitting the growth of small and medium-size companies."

The Uruguayan president said that promoting the development of the Pymes [Small and Medium-Size Enterprises] "is intended to transfer the ideal of democracy to the economic field."

Sanguinetti said the state today must act as "an arbiter and maintain balance" in the market, giving smaller companies "the elements to make their development possible."

The Uruguayan president said that in Latin American today no one argues against the fact that "one cannot progress without fiscal balance and without keeping inflation under control."

The Uruguayan president said that in the past the word enterprise "was associated with the large capitalist world," but today "the era of ideological visions has become something of the past."

Sanguinetti said that today a company that cannot export cannot compete.

"The challenge of medium and small companies today is to be able to export like the larger commercial organizations," the Uruguayan president said.

The Paraguayan president invited the governments of the region to support small and medium-size companies and the market of innovative ideas they represent.

"The label used in Mercosur [Common Market of the South] must be of the highest quality," Wasmosy emphasized. The Paraguayan president added that quality is an indispensable requisite to compete in the world.

Wasmosy concluded by saying that in his country "90 percent of all industrial activities are carried out by micro and small companies that employ 77 percent of the available labor force."

Wasmosy also said that in Paraguay "the Industrial Development Fund created 12,000 direct jobs in a short period of time by supporting small companies," adding that his government will continue supplying accessible services to entrepreneurs without subsidies.

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Cuba

Delegation to Meet U.S. Officials on Immigration Pact

PA2411172095 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Nov 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Delegations from Cuba and the United States will meet again on 27 and 28 November in New York to review, for the fifth time, compliance with the immigration accords both governments have signed. Marianela Ferriol, director of Public Relations and Information of the Cuban Foreign Ministry, confirmed this in Havana. She added that, like previous meetings, the Cuban mission will be led by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, experienced diplomat, and negotiator.

Alarcon Denies Compliance 'Adequate'

PA2711023295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] [Station announcer] Teresita Segarra [words indistinct] has left for New York, heading the delegation that will participate in the talks on immigration with the United States. Before departing, Ricardo Alarcon made the following statements:

[Begin recording] [Unidentified reporter] Alarcon, how do you assess compliance with the agreement, and what does this mean for relations between Cuba and the United States?

[Alarcon] In general terms, the agreement is being abided by. To be sure, there are many things that remain unresolved. I would say the most important of them all is the continuation of the measures that Clinton took last 20 August, I mean, 20 August of last year. It has been more than one year, and although the problem that prompted them has ceased, there are still very severe restrictions on communications between Cubans living abroad and Cuba. I believe this situation creates unhappiness and unease among many people.

We still see that as the main problem which remains unresolved, and so we cannot say that we have an adequate situation or adequate compliance with the agreements so long as things of this nature persist. [end recording]

Commentary Views Raul Castro Speech on Ties With U.S.

PA2411141795 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Nov 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Government seems to be ready to face any of the variations that the United States will finally impose with a view to continuing to wage its long conflict with the largest Antillean nation. General Raul Castro, minister of the Revolutionary Armed Forces, recently delivered a speech outlining the position of his country, which is prepared to face the anti-Cuban Helms-Burton bill or the so-called track two of the Torricelli law if they are finally approved. The significance the local media gave to these statements and the fact that they were made by Gen. Raul Castro who is also the second secretary of the Communist Party of Cuba, the first vice president of the Council of State, and the first designate government head, reinforce the validity of these statements.

Cuba is certain that the frequent initiatives the United States is taking to reinforce the current blockade against the island, which [passage indistinct] seek a social uprising in order to justify an intervention. However, the silent war strategy has enough followers in the northern powerful nation so as to become an alternative to the efforts of those in Congress who are seeking to toughen the blockade through the Helms-Burton bill.

In the opinion of Raul Castro, the so-called track two of the Torricelli law paves the way for an ideological infiltration with the clear objective of undermining socialism from within.

Meanwhile, the other face of this legal option points to the broadening of the economic boycott against Cuba, a country that has learned the lesson taught by the abrupt disappearance of the formerly socialist arena, and is determined to ready its arms to respond to the attempts to repeat in the Caribbean what occurred in Eastern Europe.

The Cuban leader has alerted the people on the bombardment of ideas against the former Soviet Union and its neighboring nations to politically and ideologically undermine socialism — objective that was finally achieved — followed by the ulterior strengthening of a world led by the United States. This is why Cuban authorities have sharply reacted to the latest arrangements the U.S. Government has made regarding Cuba, arrangements erroneously described by western observers as a loosening of the restrictions still in effect. In fact, the aforementioned measures are aimed at propping up

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groups that, in the island, play the game of the U.S. policies against Cuba.

Army Gen. Castro has just stressed publicly that Cuba is not disarmed in view of the future hostilities that may be adopted by the United States, a country with which it could be possible to negotiate, despite everything, if Washington abstained from imposing conditions beforehand.

Commentary Discusses U.S. Foreign Policy

PA2411204295 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Nov 95

[Commentary by Norberto Hernandez Valdes; from the "Evening Information Review" newscast]

[FBIS Translated Text] Never before was the United States in such an ungraceful position in a confrontation with a small neighboring country that does not accept its domination. Upon distancing itself from Cuba, unsatisfied with a socialist revolution so close to its borders, the United States has also distanced itself from reason and has lost the international support so easily obtainable before.

In other aspects of its foreign policy, the current administration, hesitant and timid at the beginning, has made undeniable accomplishments. It was able to normalize the political situation in Haiti, guaranteeing the departure of the coupist military officers and the restoration of President Jean-Bertrand Aristide — elected by the Haitian people — to his post.

The current U.S. administration obtained another particular diplomatic success by having Palestinians and Israelis sit down to negotiate their long-standing differences to end a fierce four-decade confrontation. Recently, U.S. foreign policy made significant progress in achieving a negotiated peace between warring factions in Bosnia-Herzegovina, after 23 months of a bloody armed struggle marked also by an uncommon ferocity. These incidents cannot be ignored without siding with irrationality and incoherence.

If to this we add the change of policy toward its great Asian adversaries, China and Vietnam, the latter with which it acquired a great debt of blood and at the hands of which it sustained a resounding and historical military defeat, we must ask ourselves once more, together with most international analysts and political observers, what happens then with [three-second break in reception] ...its anti-Cuban policy and is determined to tighten the economic blockade it has maintained against Cuba for more than 35 years, inflicting on this small country's losses for over $45 billion and countless difficulties to its population.

Why has the U.S. Government — in this case President Clinton — let itself become a hostage to the interests of the mafia-like and minprity ultraright Cuban emigre groups in the state of Florida. It has been said this is because of electoral interests; that the President places a large part of his reelection aspirations in winning the state of Florida which he lost in the preceding elections, a thing that did not prevent him from winning the presidency. But this argument [words indistinct] strong enough if it is considered that rightist extremists do not control most Cuban emigres, who maintain a rather moderate leaning and who desire a possible rapprochement with their country of origin.

They say man is the only animal who stumbles twice into the same obstacle, but is it difficult to think that a country like the United States — where Cuba has so many friends — is unable to sit down and to analyze, with prudence, if it is in its best interest to continue stumbling with the same obstacle.

Foreign Minister, Australian Counterpart on Investment

PA2611185195 Havana PRENSA LATINA in Spanish 0031 GMT 25 Nov 95

[FBIS Translated Text] Canberra, Australia (PL) — Foreign Minister Roberto Robaina and Australian Foreign Minister Gareth Evans today agreed in Canberra to discuss at the expert level, in early 1996 in Havana, a reciprocal plan to protect and promote investments.

The diplomats, who on Friday reviewed the status of relations between the two countries, expressed their determination to have the agreement signed in 1996.

Cuba has already signed similar agreements with Great Britain, Russia, Italy, Ukraine, Colombia, Spain, China, Bolivia, and Vietnam and is currently negotiating with 22 other countries, according to recent statements by Ernesto Melendez, foreign investment and economic cooperation minister.

Australia ranks as one of Cuba's most important trade partners, through the operations of the Australian firm Western Mining, which has already invested more than $500 million in Cuba's nickel industry.

At the National Press Club, Robaina stated that the strategy of opening the Cuban economy to foreign investment constitutes part of the people's struggle to counter the tightening of the U.S. blockade and the consequences stemming from the collapse of the European Socialist Bloc, circumstances that have noticeably hurt the Cuban economy in the past few years.

"We have had to postpone our dreams, but we have not renounced them," Robaina stressed.

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The Foreign Minister also today visited the Australian Parliament where he held talks with various officials on matters of common interest in the fields of agriculture, sugar, and mining.

Meets Businessmen in Melbourne

PA2611211595 Havana PRENSA LATINA in Spanish 2240 GMT 25 Nov 95

[FBIS Translated Text] Melbourne, Australia, 25 Nov (PL) — Foreign Minister Roberto Robaina today followed a tight work agenda that included meetings with executives, businessmen, students, and friends of Cuba from this island-continent.

After being met at Melbourne's airport by members of the Friendship With Cuba Society, who sent a warm salute to the people of Cuba and President Fidel Castro, Robaina addressed researchers, professors, and students from the Australian Institute of Foreign Relations.

During the meeting, Robaina explained the economic transformations that are being implemented in Cuba and the opportunities that have opened up for foreign investment.

The economic opening, Robaina stated, represents "changes to the (Socialist) system, in the system, but not of the system" and affirmed that the Cubans "will not return to what we once were," alluding to capitalism.

Robaina also held talks with executives from one of the largest mining companies in the world, Western Mining, which has a vested interest in Cuban nickel exploitation.

The minister also spoke with directors of the school of cinematography and television in Melbourne — the second most important city in Australia and capital of the state of Victoria — who showed interest in starting an exchange program with the international school of cinematography and television in San Antonio de los Banos, Cuba.

Robaina also visited the headquarters of the Overseas Services Bureau, one of Australia's nongovernment organizations committed to foreign aid in social areas and specialized technical assistance.

The diplomat later attended a meeting with Friends of Cuba organized by Australian Parliamentarian Jean McClean, who is known for her efforts in favor of relations between the two countries.

Robaina, who concludes his visit tomorrow, arrived in Australia on 22 November at the invitation of his Australian counterpart Gareth Evans.

New Taxes Imposed on Personal Foreign Exchange Income

PA2511150695 Havana PRENSA LATINA in Spanish 1208 GMT 25 Nov 95

[FBIS Translated Text] Havana, 25 Nov (PL) — Authorities announced today the creation of new taxes on personal foreign exchange income, the use of highways, the ownership of ships, and other profitable activities.

Exceptions to the provision of the Ministry of Finance and Prices, as published in GRANMA daily, include family remittances sent to the island from abroad and retirement benefits from the tax system.

The provision also states that accredited foreign diplomatic and consular officials in Cuba will not have to pay this tax, provided that their respective governments offer equal treatment to Cuban representatives.

The tax on personal foreign exchange income will be 10 percent for those who earn annually less than 2,400 pesos (equal to the dollar, according to the official exchange rate) and may reach up to 50 percent for those earning more than 60,000 pesos per year.

This measure also includes foreign citizens who earn income from Cuban sources while residing in the country for periods of more than 180 days.

This income tax, as well as the tax collected for the ownership of ships, will go into effect on 1 January of next year.

The tax on ships includes any type of boat and includes both individuals and Cuban-capital or foreign-capital companies that have registered boats in the national territory.

GRANMA announced that as long as conditions exist for their collection, highway toll fares will also come into effect for the use of highways, like the one leading to the Varadero Resort, one of the major tourist resorts of the country.

In the near future, the daily added, new taxes on rental housing, transportation of cargo and passengers, and self-employment, that was recently authorized in Cuba, will be made public.

The payment of taxes will be made in national or freely convertible currency, depending upon the manner in which the taxpayer obtained the income.

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Creation of Free Zones, Industrial Parks Believed Possible

PA2411130795 Havana Radio Rebelde Network in Spanish 1800 GMT 21 Nov 95

[Report by Luis Alarcon Santana and Mariela Diaz for the "National Radio News" — passages within quotation marks are recorded]

[FBIS Translated Text] [Alarcon] Very favorable conditions prevail in Cuba for the creation of free zones and industrial parks. The new Foreign Investments Law authorizes their development and a bill for their creation is currently under review.

[Diaz] The year could end with the approval of a bill for the creation of free zones and technological parks. The country's first free zones would perhaps be created in facilities located at Mariel and Cienfuegos. In fact, Havana [name indistinct] already operates in Berroa with a status similar to that of free zones that have been so successful in Caribbean regions; and Cuba has real possibilities to develop this type of zones given its infrastructure —roads, airports, and ports.

Under the current economic conditions, the opening of free zones would attract foreign capital, generate new jobs, and allow the retraining of personnel and the installation of advanced technology industries. Francisco Vendrell, representative of the United Nations Conference on Trade and Development, views the issue as follows:

[Vendrell] "Well, I believe that a lot of work is involved if you want a successful free zone. What you must do is conduct a feasibility study and, if you reach the conclusion that a free zone is viable after conducting the study, well, you must start working. It involves hard, intensive work; and that is the only guarantee for success."

[Diaz] "The free zones would apparently work given Cuba's geographic conditions."

[Vendrell] "Well, Cuba is located in the Caribbean and it has good communications with the rest of the countries. There are many islands, smaller than Cuba, which might benefit with these free zones, allowing them quick access to supply sources for the products they need."

Sugar Industry Workers Agree on Need To Step Up Harvest

PA2211191995 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Nov 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Participants in the 19th Sugar Industry Workers Congress opened the second and final day of meetings today by agreeing on the need to increase industrial yield one percent over the previous harvest. This means producing an additional 500,000 metric tons of sugar with the same amount of sugarcane. Diosdado Maso reports on this important event:

[Begin recording] [Maso] Delegate Orestes Barrios, a member of the sugar industry workers union's national committee with years of sugarcane growing experience, commented on how this one percent [entero] increase can be achieved and surpassed.

[Barrios] Any sugar mill that has a (?10.2 percent) yield, any one of the many mills that harvests 30 million arrobas of sugarcane, if the cane cutters, cane hoist operators, cart and truck drivers, and combine operators commit themselves to (?decrease) by .8 percent — I will not even say by one percent [words indistinct] and a cane cutter who cuts 60,000 arrobas — which is the amount that our cane cutters cut — that cane cutter could contribute more than half a metric ton of sugar to a 30 million arroba sugarcane harvest. A combine operator who cuts one million arrobas — and we have many of them — could contribute 10 metric tons of sugar.

[Maso] This province-level meeting focused on how to improve efficiency and product quality during the upcoming harvest. Carmen Sanchez, a sugarcane combine operator in Holguin Province, commented:

[Sanchez] We should encourage not only those who cut a lot of cane to cut more but also operators to cut more efficiently. Some cut too close to the ground, leaving little sugarcane in the ground. One comrade here considered the amount of sugar that a combine operator or cane cutter could waste. We must save the sugar that is being wasted. Sugar is our top foreign currency earner. We must save every bit of sugar that we can.

[Maso] Manuel Cordero Aguila was named National Sugar Industry Workers Union secretary general. The congress closes today. [end recording]

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Transport Ministry Lacks Fuel To Meet Additional Services

PA2411141895 Havana Radio Rebelde Network in Spanish 0000 GMT 24 Nov 95

[From the "Exclusive" program]

[FBIS Translated Text] The Ministry of Transportation informs the population that due to important fuel shortages [limitaciones] for transport vehicles, trains, and for the national bus service it is impossible to schedule any additional services, other than the ones already scheduled. Traditionally and due to the celebration of the New Year festivities, a massive movement of passengers to and from Havana City takes place during that period. This demand is impossible to meet, due to the aforementioned reasons. We remind those interested that travel reservations should be made in advance; seven to 15 days in advance if traveling by train and — at least — 30 days in advance if traveling on the national bus service.

Roundup of Politburo Members' Activities Through 24 Nov

PA2611004095

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 24 November.

Nelson Torres Perez toured La Tunas Province and gave assurances that the goals set by the territorial delegation match the country's needs. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 95)

Pedro Ross Leal hosted delegates from all the country's sugarmill centrals at the main entrance of the workers' palace in Havana. These delegates attended the closing session of the sugar congress. Ross reminded them that the congress is being held at a crucial moment. Nelson Torres Perez announced the start of the sugar harvest in the (Jesus Ravi) Sugar Mill in Matanzas on 9 December and said that efficiency will be topmost. (Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 95)

Pedro Ross Leal traveled on 17 November to Vietnam on a working visit that will include meetings with union leaders, according to a 17 November report datelined Havana. Then he will go to France, where he will take part in the General Workers' Confederation. (Havana PRENSA LATINA in Spanish 0149 GMT 18 Nov 95)

Nelson Torres Perez met in Matanzas and said that the best resources are guaranteed for the sugar centrals that first start their harvest and called for solving local and national problems. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Nov 95)

Carlos Lage Davila declared that the attendance of banking representatives from 45 countries to the 45th anniversary of the Central Bank of Cuba is without doubt the result of efforts developed by the country and an important moment in the improvement of these relations. (Havana Radio Havana Cuba in Spanish 1300 GMT 21 Nov 95)

Haiti

Aristide To Hold Consultations on Extending Mandate

PA2511001995 Paris AFP in Spanish 2216 GMT 24 Nov 95

[FBIS Translated Text] Port-au-Prince, 24 Nov (AFP) — President Jean—Bertrand Aristide announced on 24 November that he wants to hold a consultation [consulta] on a three-year extension for his presidential mandate, as sought by sympathizers of the Haitian president.

Aristide, who made this declaration at the closure of the "National Dialogue" sessions, in which 90 percent of the participants spoke in favor of prolonging his mandate, said that it would be good for the country to have a say in this affair.

The president said, on the other hand, that he would invite the two parliament presidents to take part on 29 November in the council of ministers' meeting aimed at finding the best way to continue the dialogue on the main claims put forth by "National Dialogue" participants.

Haiti is to hold elections on 17 December to find Aristide's successor, whose five-year mandate expires on 7 February 1996. His fellow party members demand, however, a three-year extension to this mandate, which corresponds to the three years Aristide spent in exile (1991-1994), when he was defeated on 30 September 1991 in a bloody military coup d'etat.

Further on Extending Mandate

PA2511023795 Madrid EFE in Spanish 0039 GMT 25 Nov 95

[By Harold Jean-Francois]

[FBIS Translated Text] Port-au-Prince, 24 Nov (EFE) — President Jean—Bertrand Aristide will present for discussion before its cabinet council the resolutions approved by people's organizations that support his stay in power for three additional years to make up for the time he spent in exile.

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Aristide was overthrown by the military on 30 September 1991, and there is growing support for him to extend his mandate.

The president reported that he will present the resolutions to the cabinet council on 29 November and gave assurances that he will invite representatives from other political sectors to take part in the talks.

In the closing session of the meeting called "National Dialogue," Aristide said that he has to hear the opinion of all the country's political sectors and not only of those who support the idea that he continue as president of this impoverished Caribbean nation.

The president told his followers that "the same way I am obliged to listen and attend you, it is important to learn the position of those who are not present here."

The "National Dialogue" was attended by representatives of people's organizations to discuss various topics of the country's social and political life.

National political parties boycotted the meeting, which had been summoned by Aristide himself.

During the meetings that took place all week, several organizations approved resolutions requesting Aristide to remain in power and the canceling of presidential elections scheduled for 17 December.

The meeting's general assembly approved creating a follow-up committee to study the way to put into effect the resolutions that back Aristide's stay in power.

"I have the obligation to avoid a clash in the country between those who favor the recovery of the three years and those who want elections held," the president said.

Aristide addressed the meeting's general assembly in a question-and-answer session. Sometimes he found it impossible to make himself heard because of the shouts by his followers, who exclaimed: "Three more years... Aristide or death."

Port-au-Prince political observers are of the opinion that Aristide is undecided [impreciso] whether he will try to stay in power for three more years and that he encourages confusion and insecurity over the future of the presidential elections.

Stanley Schrager, spokesman for the U.S. Embassy in Port-au-Prince, in turn, said that his country's government supports holding elections.

The National Congress of Democratic Forces demanded that Aristide "respect the Constitution."

The Haitian Constitution does not allow a president to run for two consecutive terms.

Evans Paul, leader of the National Front for Change and Democracy, in turn [item incomplete as received]

Private Sector Excluded From National Dialogue

PA2511221395 Mexico City NOTIMEX in Spanish 1711 GMT 22 Nov 95

[FBIS Translated Text] Port-au-Prince, 22 Nov (NOTIMEX) — The national forum analyzing solutions to Haiti's problems is controlled by people's organizations that are calling for the extension of the presidential term. The forum is progressing without the participation of the private sector.

The private sector is absent from the so-called "national dialogue" launched by President Jean-Bertrand Aristide early this week, and the deliberations have been controlled by people's organizations, political sources at the meeting indicated.

The issue of the extension of the presidential term prevails in most of the discussions, because people's groups have been requesting that the Aristide government be extended three more years, the exact time he spent in exile following the 1991 military coup.

The different discussions include issues pertaining to the privatization of state-owned companies, agrarian reform, the disarmament process, the presidential elections, and the country's international commitments.

Nine working groups are composed of representatives from different local social and political groups — from which the private sector was excluded — and the results of the meeting will be disclosed on Friday, 24 November, according to sources.

Conceived as a forum to "exchange ideas and sow the spirit of tolerance," the national dialogue is adversely affected by the nonparticipation of the private sector, which in the end will affect the results, political observers stated.

Regarding the issue of the extension of Aristide's term, Presidency spokesperson Yvon Neptune remarked that the president has carried out the necessary constitutional and legal procedures by convening elections on 17 December.

Nevertheless, said argument does not convince people's organizations, which requested that Aristide remain in power despite the existence of constitutional prohibitions.

The forum is proceeding amidst growing tension in the Haitian capital, where barricades have been placed in different areas since Tuesday.

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At La Saline Boulevard, in the center of town, National Port Authority officials erected barricades and blocked traffic to protest the replacement of Port Authority Director Julio Cadet.

On National Highway No. 1, private sector representatives also erected barricades and blocked traffic to demand that Aristide guarantee the end of criminal and violent incidents the country has experienced for the past two weeks.

Violence in the last two weeks has left a preliminary total of seven dead and several injured, as well as dozens of homes and businesses destroyed or burned down.

The wave of violence followed a speech by Aristide on 11 November — during the funeral of his slain cousin pro-government Deputy Jean Hubert Feuille — in which he asked Haitians to cooperate in disarming former collaborators of the (1991-1994) de facto regime and neo-Duvalierists.

Reportage on Confrontations in Cite Soleil on 23 Nov

Four Killed, Several Injured

PA2411222295 Port-au-Prince Tropic FM in French 1200 GMT 24 Nov 95

[FBIS Translated Text] Four people have been killed and several others injured. This is the final toll from confrontations on 23 November between policemen and armed residents of Cite Soleil. The victims include a 6-year-old little girl killed by a stray bullet fired by a policeman during an altercation with a driver.

The death of this little girl triggered off a very sharp reaction from the population, which completely turned upside down a police station where the policeman went to take refuge. By the way, a police car was set on fire. Let us also point out that an old woman died. She was killed by stray bullets, whereas two other people died under circumstances of which we are still unaware.

Furthermore, Lieutenant Jean-Lyonel Trecil, spokesman for the interim police, announced that three policemen were injured, including two who were injured by bullets and several others who were manhandled by the population. For his part, the commander of the interim police, Major Dany Toussaint, pointed out that he had given up entering the shantytown with his men — to disarm the elements who were there — due to the high risk of loss of human lives in such an operation.

For his part, the director of the national police, Mr. Adrien Rameau, called into question infiltrations as regards these incidents. Finally, the spokesman for the UN Mission in Haiti pointed out that the UN forces did not enter Cite Soleil during the incidents, contenting themselves with serving as support to the National Police Force by establishing a security cordon at the entry of this area.

Werleigh Condemns Cite Soleil Events

PA2411220795 Port-au-Prince Signal FM Radio in French 1130 GMT 24 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Text] We have also received in the newsroom the reaction of the Haitian prime minister's office to the events in Cite Soleil. The head of government, Mrs. Claudette Werleigh, condemns the events that occurred in Cite Soleil on 24 November and that cost life — according to the press office of the prime minister — to a young schoolgirl who was going to school and to Mrs. Roseme Andre. Several people, including policemen, were injured that day.

The Haitian Government and the prime minister offer sympathy to all the persons who have suffered as a result of these incidents in Cite Soleil. She extends her condolences to the parents, family, and the friends of the victim, of the victims, and all other victims of this tragedy.

Aristide Condemns Incidents

PA2411220895 Port-au-Prince Radio Metropole in French 1145 GMT 24 Nov 95

[From the "Morning Newscast"]

[FBIS Translated Text] President Aristide was actually present at Television Nationale [d'Haiti, TNH] last night. He made a live — and late — intervention on TNH in order to condemn the events that happened in Cite Soleil. The head of state (?met) with members of the family of a little girl who was killed during the incidents in Cite Soleil in order to offer his condolences to her family and other victims of the Cite Soleil incidents. Jean-Bertrand Aristide called for calm and condemned the armed bands.

Calm in Cite Soleil, Port-au-Prince

PA2411171695 Paris AFP in Spanish 1457 GMT 24 Nov 95

[FBIS Translated Text] Port-of-Prince, 24 Nov [AFP] — Cite Soleil, the largest poor neighborhood in Port-au-Prince, is calm today after Thursday's clash between police and armed civilians which resulted in the death of two policemen, a little girl, and an old woman.

Sources also reported three wounded persons.

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According to a number of witnesses, the clashes began following the death of Vania Thermidor, a six year old girl, who died after being struck by a stray bullet from a policemen who was quarreling with a bus driver.

However, the National Police denied that version of the event, and contends she was the victim of an "armed provocateur."

Last night, President Jean-Bertrand Aristide received the parents of the victim and praised the actions of the police which restored calm in Cite Soleil.

Aristide also condemned the actions of armed groups and pointed out the need for a general disarmament.

Prime Minister Claudette Werleigh also condemned the events and called on the population to protest peacefully. "Demands, yes, destruction, no," Werleigh declared.

Normal Activities Resume in Cite Soleil

PA2411230095 Port-au-Prince Radio Metropole in French 1145 GMT 24 Nov 95

[Report by Edner Jean in Cite Soleil; from the "Morning Newscast"; passages within slantlines in Creole — live]

[FBIS Translated Excerpt] [Announcer Clarens Renois] The neighborhood of Cite Soleil was the scene of violent incidents that opposed the forces of order with demonstrators, notably members of armed groups in Cite Soleil. It calmed down last night, but the situation was tense. We knew that through a member of a people's organization based in Cite Soleil. A Radio Metropole reporter is on the scene.

Let us listen to Mobile Unit 18 of Edner Jean, who is presenting a report on the situation, less than 24 hours after the incidents that occurred and which caused two deaths in Cite Soleil. Good morning, Edner Jean.

[Jean] Good Morning, Clarens. I am now almost inside the Cite Soleil police station, which was turned upside down and burned by the population yesterday. [words indistinct] for the moment is that calm is restored, and the Cite Soleil population has resumed normal activities. The market is open, most students have returned to school, but there are not really many public vehicles ensuring transportation in the Cite Soleil area. There are still the remains of barricades at the entry to the area, and the authorities [words indistinct] complete the calm. There is a group of people who stand now in front of the premises of the national police, which was turned upside down and burned last night. So, everything is calm, and the activities are resuming normally. I am going perhaps to question some people's organization members who could tell me....

[Renois, interrupting] But before that....

[Jean] /Can you tell me for Radio Metropole how things were last night?/

[Unidentified interviewee] /I was not there, I do not know./

[Jean] All right, well, we are going to try to find out. Anyway, what we know is that last night President Aristide met with members of people's organizations in Cite Soleil, especially the parents of the little girl who [words indistinct] during these incidents that happened yesterday morning. Mobile Unit 18 with Edner Jean on the scene for Radio Metropole.

[Renois] One question for you, Edner. Did the people of Cite Soleil go to bed last night without security service, without national police, without interim police? How did that happen?

[Renois] Well, visibly, Clarens, there is no police presence in Cite Soleil this morning, since last night Major Dany Toussaint decided to abandon the area for security reasons. [words indistinct] Until this morning, there has been no police presence, but the population, as I told you one moment ago, are going about their business. Everything is resuming its normal life in Cite Soleil for the moment. But as regards the police station, Clarens, everything has been virtually destroyed. [words indistinct] Everything must be redone in this regard.

[Announcer Rotschild Francois] If you are listening to us, is there nevertheless an international police presence? Are the UN Mission in Haiti policemen in the area? Do they carry out patrols?

[Jean] Nothing, nothing at all, Rotschild. There are only the usual traffic jams on the National No. 1 Road, but nothing at all; there is no police presence, there is no movement on the side of the population. So, the day looks calm in this area.

[Renois] Thank you, Edner Jean. We will remember your comments, especially on the expectations for the day. The day will perhaps be calm in Cite Soleil. The night was calm but tense. No police presence in this neighborhood, this shantytown which was shaken yesterday by these incidents. Finally two deaths have been counted. The Cite Soleil neighborhood was the scene of these events that cost the lives of two people, a little girl and an old person who were killed during this incident by stray bullets notably.

A policeman who is a member of the national police has been called into question this matter. [passage omitted]

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Interim Police Chief on Incidents

PA2411230695 Port-au-Prince Radio Metropole in French 1145 GMT 24 Nov 95

[From the "Morning Newscast"]

[FBIS Translated Text] The news in Haiti is still being dominated by the events of yesterday in Cite Soleil, which caused two deaths. It should be noted that the interim police were obliged to intervene to help with the evacuation of the national policemen. These interim policemen decided, thereafter, to leave this area of Cite Soleil. Major Dany Toussaint, who was leading his troops in the field, explained that he wanted to avoid the loss of civilians within the scope of confrontations with armed groups of the Cite Soleil area. While leaving, the interim policemen were obliged to go under cover in order to avoid any attacks from the armed groups. The head of the interim police, Major Dany Toussaint, explained yesterday's decision.

[Begin recording, in Creole] [Toussaint] My intelligence service has seen many people with weapons, including grenades, inside there.

[Unidentified reporter] Where did they find these weapons? Did they supposedly take them at the police station?

[Toussaint] Well, I do not know where they took them. But there are weapons inside.

[Reporter] Did they [word indistinct] the national police? Do you really [words indistinct]

[Toussaint, interrupting] It is not a question of weapons. It is a matter of tactics. It depends on who is best trained. We are not afraid of the weapons. The weapons have not frightened us. We needed to gather all our forces, but as I told you, what I fear is that there will be too many injured civilians, because if you enter a shantytown... [pauses] shantytown fights lead to many casualties. So, I think it is not really a matter of weapons that we fear but (?instead) the number of people who might lose their lives — innocents who might pay for crimes of the guilty.

[Reporter] [words indistinct]

[Toussaint] Yes, a national police car has been burned. As for us, we had glasses that were broken when we were trying to evacuate the national policemen. The problem is a Haitian problem. We will solve it as Haitians. (?I am telling) the person who asked the question regarding the UN mission in Haiti that you know today is a holiday for the Americans. They are celebrating. So, I think Haitians first, then [words indistinct].

[Reporter] How many people died this morning? Did you not think that you were taking too many risks by entering there like that, as they might have shot at you inside there?

[Toussaint] This is what we are paid for. We are the ones who take the risks instead of the rest society who pays us. [end recording]

This was Major Dany Toussaint, head of the interim police force, who recalled that three interim policemen were wounded during the operation carried out yesterday morning in Cite Soleil.

National Police Chief on Events

PA2411232895 Port-au-Prince Radio Metropole in French 1145 GMT 24 Nov 95

[From the "Morning Newscast"]

[FBIS Translated Excerpt] There is also a statement by the head of the national police, who deplored the losses in human lives recorded in Cite Soleil and the material damage during the incidents that occurred yesterday morning. Adrien Rameau, head of the national police, expressed his sincere sympathies to the parents of the victims and asked the citizens to remain calm while inviting them to cooperate fully with investigators while they search for the troublemakers. He took this opportunity to denounce infiltrations in Cite Soleil. Listen to Mr. Adrien Rameau:

[Begin Rameau recording, in Creole] This morning, it was the same maneuver. They entered the crowd to talk with the people. Then, somebody, who infiltrated (the crowd) shot at the policemen. But we believe that [words indistinct], we will eventually find the origin of these matters because we will not forget the general principle by which we abide, and that is: We want the police to work with the people and the people to work with the police so we can do constructive work. We are trying as much as possible not to use force because force is not a means, coercion is not a means. However, the police must be firm at the same time. This morning's incidents show clearly that there have been infiltrations and that they are trying to distract policemen so that they can commit crimes, which we are trying to avoid. [end recording]

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This was the director of the national police, Adrien Rameau, who furthermore confirmed in a communique that the graduation ceremony of the sixth class of policemen will take place this Saturday, 25 November at the training center at 0800. It should be noted that the members of the sixth class organized a protest movement in the middle of the week in order to make some demands, notably salary demands to the management of the national police. [passage omitted]

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President Installs Economic Deregulation Council

PA2411185095 Mexico City XEW Television Network in Spanish 0400 GMT 24 Nov 95

[Report by Daniel Flores Meneses; from the "24 Hours" newscast]

[FBIS Translated Text] The government has launched government actions to promote private enterprise and generate more sources of employment in Mexico.

President Ernesto Zedillo has installed the Council for Economic Deregulation that is made up of entrepreneurs, workers, and peasants, and he witnessed the signing of the Coordination Agreement for the Deregulation of Entrepreneurial Activities by all state governors and the chief of the Federal District Department who pledged to adopt the deregulation process. The ceremony was held at the Adolfo Lopez Mateo Hall of Los Pinos presidential residence in the presence of entrepreneurs, labor and peasant leaders, as well as members of the diplomatic corps. President Zedillo pointed out that this measure will put an end to the excessive bureaucracy that hinders the creation of new enterprises in Mexico.

[Begin Zedillo recording] We will leave behind the old system of excessive control mechanisms that hindered and curtailed economic activities. We will now adopt a new system that will always promote and encourage assertive capabilities and liberate the productive initiatives of society. [end recording]

The new deregulation process will provide services to help the enterprises that wish to set up business and will demand the government offices expedite the process at a low cost while at the same time protecting the consumers' interests and the environment.

Hector Lario Santillan, president of the Business Coordinating Council, and Rogelio Montemayor, governor of Coahuila, also spoke during the ceremony. President Zedillo also spoke on the draft law on the Mexican Social Security Institute [IMSS], which he said was prepared jointly by the workers and entrepreneurs of the country and for the benefit of the institute's benefit holders.

[Begin Zedillo recording] That is why, dear governors, I want to request your firm support for this draft bill that seeks to change the IMSS and ensure its financial feasibility, redouble its capacity for providing greater protection, improve its coverage, and increase the quality of its services and benefits. [end recording]

The draft bill is a good cause for the businessmen because it will stimulate the creation of new companies, the profitability of their investments, and it will guarantee its adequate production. It is good for workers because it protects their health and that of their families, and it forecasts a dignified retirement.

President Zedillo also received in private a group of Mexican and Venezuelan businessmen who are holding their second business meeting in Mexico.

President: Law-Breaking Officials Face Punishment

PA2611210595 Mexico City NOTIMEX in Spanish 2041 GMT 25 Nov 95

[FBIS Translated Text] Cancun, 25 Nov (NOTIMEX) — President Ernesto Zedillo said in Cancun today the Mexican Government is determined to make sure that authority will be exercised strictly on the basis of the law and that public servants who violate the laws that govern their activity will be punished.

Closing the 19th National Congress of Superior Courts of Justice in this tourist resort on the Mexican Caribbean coast, Zedillo said it is time those who commit illegal actions know they will be punished, and there will be no exceptions, privileges, or impunity.

"It is time to build a new culture of generalized observance of the law," he stressed in the presence of Quintana Roo Governor Mario Villanueva Madrid and Attorney General Antonio Lozano Gracia.

The president said the law must prevail over any individual or group interest. "The law is either respected or not respected, and those who do not respect it will suffer the consequences."

In his speech, he acknowledged that one of the country's most serious problems is the fact that its rich legal tradition is not matched by a generalized respect for the law and full observance of the spirit and letter of the law.

"Today our coexistence is frequently harmed by the violations of the law, by numerous crimes that hurt the lives of individuals and the productive tasks of workers and enterprises," Zedillo added.

He said the most irritating aspect is that sometimes the disrespect for the law comes from those who are responsible for enforcing the law and public security.

President Zedillo said the worst crime is the one committed by those hiding behind public power, betraying the trust the people have in government authorities.

He noted that "the republic's Constitution is very clear when it states in Article 102 that the Federation's Attorney General's Office has the obligation to prosecute all federal crimes in the courts."

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The prosecution of crimes, Zedillo added, cannot and must not be subject to individual will, instructions, or discretionary orders, much less whims.

Speaking to the 97 judges of the Superior Courts of the states, he said only the preeminence of the state of law, the application of the law, and the equal and timely access to justice guarantee the benefit of fundamental rights in the exercise of our freedoms.

He announced that he will soon send to Congress an initiative to establish a collegiate body for higher auditing, which will watch over, verify, and correct the actions of public servants.

[Mexico City XEW Television Network in Spanish at 0440 GMT on 25 November in its "24 Hours" newscast broadcasts the following report: "Without mentioning any names, President Ernesto Zedillo today reaffirmed his government's position." He states, in recorded remarks: "The great majority of Mexicans are bent on building a strong and fair nation. Therefore, the acts of corruption and illegal activities carried out by a few individuals are disgraceful. Those individuals erroneously project an image that does not correspond with the real face of our people, who are committed to rectitude and self-improvement."

[He continues: "My commitment to the law and its implementation is firm and resolute. Consequently, it must be strictly applied against those who from authoritative or privileged positions plot against our country. We will not stop fighting against them; we will not allow impunity. This should be very clear: There are no untouchables in Mexico. We will continue to consolidate the principle of equality before the law and the law enforcement as the only formula for civilized coexistence."]

Proposed Issue of Bonds for $1 Billion To Support Peso

PA2611221295 Madrid EFE in Spanish 1738 GMT 24 Nov 95

[FBIS Translated Text] Mexico City, 24 Nov (NOTIMEX) — The original proposal made by the Mexican businessmen to create a fund to stabilize the exchange rate has materialized in the issue of bonds for $1 billion that the government expects to place soon.

Various financial sources indicated that the government is preparing the issue of bonds, which will be placed among large export companies and will generate resources in dollars from the private sector to reduce the pressure on the exchange markets.

Claudio X. Gonzalez, president of the Mexican Council of Businessmen, explained that some of Mexico's leading export companies, including Mexico's Cements, Alfa, Carso Group, and Penoles Industries, are among the companies participating in the plan.

Gonzalez stated that the plan could be finished by year's end, but warned that only a few companies have enough resources in dollars to invest in these bonds; "therefore, the actual issue would have to be analyzed."

Different sources remarked that a mechanism would be set up so that the bonds may be used to purchase assets of state-owned companies in order to earn a profit in addition to the nominal value of the bond, which is expected to pay a yield of two points over the LIBOR [London Inter-Bank Offered Rate] rate.

Representatives of the banking sector said that the issue of bonds "constitutes a much clearer formula than the original plan of an exchange stability trusteeship."

In early November, Mexico's leading export companies proposed the creation of a foreign exchange fund for $5 billion to guarantee the stability of the Mexican currency and the resources to finance the commercial operations of these companies.

The idea of an exchange stabilization fund emerged among Mexico's most powerful industrialists and economic authorities to counter the constant attacks launched by speculators on the Mexican currency.

In mid-September, the exchange market experienced strong speculative pressures that triggered the devaluation of the Mexican currency by 22 percent, and that transferred instability and uncertainty to other financial sectors.

That original proposal by the businessmen was rejected by foreign investors, who viewed the measure as a tacit exchange control that invalidated the "free floating range" policy of the Mexican peso.

After virtually eliminating the creation of the exchange stabilization fund, the government and the businessmen reviewed various mechanisms to attract foreign exchange and to strengthen the exchange market.

Alejandro Valenzuela, spokesman for the economic adjustment program, announced that the possibility to create a few new Treasury Bonds (Tesobonos) was being considered, even though the remaining debts had to be paid.

Tesobonos are securities denominated in dollars that faced the government with a serious threat of insolvency, because they involved short-term commitments and because their total was greater than the international reserves of foreign exchange.

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At the start of the year, investors, most of them foreigners, held nearly $29.206 billion in Tesobonos in their hand, most of which matured in 1995, for which reason the government turned to Washington and the international financial institutions for funds with which to cover its U.S. dollar obligations.

Several commentators have pointed to the similarity between those bonds and the "Argentina Bond" that was issued this past 22 March in Argentina and proposed by the country's most powerful businessmen and bankers.

The objective of those bonds was to bolster the government's available emergency resources with which to support Argentine banks and financial institutions affected by the "tequila effect," as a result of the crisis that broke out in Mexico in December 1994.

The issue attracted more than $2 billion, half of which was subscribed by Argentinian corporations and financial institutions, while the other half was placed abroad.

Deputies Approve National Public Security System Bill

PA2611192495 Mexico City XEW Television Network in Spanish 0400 GMT 22 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] After a debate nearly six hours long, the Institutional Revolutionary Party [PRI], National Action Party [PAN], and Labor Party [PT] deputies approved, in general, a proposal establishing the basis of coordination of the National Public Security System. The Party of the Democratic Revolution faction voted against the proposal.

Articles 3, 9, 12, 15, and 17, 18, and 50 in particular, were also approved by a majority of PRI votes, although PAN, PAN, and PT voted against them. The opposition deputies said that Article 12, which includes defense and navy secretaries in the Public Security Council, violates the Constitution.

[Begin PT deputy Ezequiel Flores recording] We should not at all permit the military to meddle in public security. [end recording]

PRD deputy Lionel Godoy said the proposal contains positive elements to improve public security, but that it includes unconstitutional aspects.

[Begin Godoy recording] For this reason, no one in his right mind can oppose the idea of updating Mexico's administration of justice, both in its legislative and operational systems. Nevertheless, this updating should be guided by this principle: Unrestricted respect for the Constitution. [end recording]

PRI deputy and licensed general Luis Garfias reminded Godoy that the Constitution stipulates that the Army and the Navy serve and protect institutions, control arms and ammunition, and issue arms bearing permits for the police and civilians.

[Begin Garfias recording] We are the last ones interested in being policemen. We cannot and will never want to be policemen. [end recording]

The minutes have already been approved by the Senate. At the opening of the session, deputies of the four factions called attention to and demanded respect from the deputies who sit at the left of the room for having caused disruptions and grossly disrespecting speakers and reporters.

[PAN deputy Eugenio Ortiz Wald recording] I hereby invite these gentlemen not to mistake the freedom of expression and democracy for [words indistinct] which is another, very national way of doing things in our country. We must make an effort to respect one another. [end recording]

PRI deputy Hector Humberto Lopez of Baja California, who had tried to cause disorder and hit reporters, was in the session but made no comments.

Industrialists Call Plan To Support Peso 'Ineffective'

PA2411192295 Mexico City EL FINANCIERO in Spanish 21 Nov 95 p 5

[Report by Isabel Becerril]

[FBIS Translated Text] The Confederation of Industrial Associations (Concamin) cautioned that even if there are no reasons to worry about an economic-financial collapse in the country, pressure on the peso persists and a fixed exchange rate or an interest rate increase will do nothing to prevent it as long as foreign and national investors' uncertainty and lack of confidence prevail.

Likewise, the Concamin stipulated that the strategies adopted up until today by the government to defend the peso — interest rate increase and Bank of Mexico [Banxico] intervention — have been ineffective.

First of all, because an increase in the interest rates tends to cause additional pressure on the country's internal debt since the cost of funds will also tend to increase and loans will in turn become more expensive by as much as 100 percent. Corporate, personal, and government debt will in turn increase even further, thus discouraging investments, consumption, and production in a vicious circle that threatens to postpone any economic recovery.

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Likewise, the only thing that has been accomplished with high interest rates is to magnify other problems such as the overdue debt problem, and the depletion of capital of the industrial sector.

With respect to an intervention by Banxico, the Concamin pointed out that regardless of this institution's efforts, it is in no condition to support a fixed exchange rate since it does not have enough international reserves.

Thus, an evaluation carried out by the Concamin — which is confidential — and to which EL FINANCIERO was able to gain access, points out that a crucial element in order for confidence in the financial and currency markets to be recovered is a reasonable and credible expectation level. Now more than ever the perception that the government is adopting serious measures to regain control of the economy must prevail if additional support for President Zedillo's initiatives is to be elicited from the productive sector.

The document stresses that the priority at this time lies in stabilizing the peso because it is the only way for interest rates to decline and investors' confidence to be reestablished.

It also claims that exchange rate pressure originates from the undersupply of U.S. dollars and the lack of confidence from domestic as well as foreign capital, and what must be done is to utilize funds available abroad to support the exchange parity from any further speculative attacks, and establish policies that will increase investors confidence.

On the other hand, in analyzing the exchange rate fluctuations recorded during the past few weeks, the Concamin states that official information shows that the trend was due mainly to a drop in activity at the currency market.

The Banxico decided to increase the monetary base by 20 billion new pesos in December 1995, because more transactions are made during the holidays, and thus, there is a need to increase the country's liquidity. This is part of the measures within the Alliance for Economic Recovery (Apre).

According to the analysis, this decision unleashed a speculative wave around the exchange rate, because a larger money supply increases inflation, and thus, the official end-of-year inflation rate could not be guaranteed.

This measure, the document added, along with domestic political factors, influenced the increase of the dollar price to more than 8.5 new pesos.

It noted that another factor that provoked a massive purchase of dollars was that foreigners do not like to see the national chief executive say one thing and his economic cabinet another, because this leads them to think that there is no coordination between plans and actions.

The document states that the Banxico's $150 million intervention in the exchange market on 9 November stopped dead a peso slip, which was gradual and in very small amounts, but it created destabilizing conditions for the economy in general.

Although this measure controlled the situation, one wonders for how long will it be able to contain further increases in the price of the dollar, because it is clear that the peso is not stable and much less undervalued.

Archbishop on Impact of Expectations

96CA0053A Mexico City LA JORNADA in Spanish 14 Nov 95

[Article by Jose Antonio Roman; received via Internet]

[FBIS Translated Text] Because of expectations for the globalization and modernization of the economy, the failures and setbacks experienced by the country appear to be disastrous and nearly catastrophic, the president of the Mexican Bishopric, Sergio Obeso Rivera, stated last night.

At the opening ceremonies of the 59th plenary assembly of that organization, the prelate indicated that one does not have to be a genius to realize that Mexico "is going through hard times." And our leaders' lack of credibility, the drug trafficking, and the violence have made all of us feel anxious and insecure.

In a long welcoming speech to the nearly 70 bishops who attended the session, Obeso Rivera explained that the mission of the church hierarchy and clergy is clearly religious and not political or economic, but he declared that this evangelizing task "will have incalculable consequences" in human promotion and in the advancement of all Mexican people. "They deserve it, they are so needy. And God will not abandon them."

Shortly before that, during the religious celebration of vespers, the bishop of the diocese of Tapachula, Felipe Arizmendi Esquivel, appealed to Mexico: "You are not tied to the international money institutions to the extent that you have to follow their mandates and conditions to the letter. Be free and creative in seeking another economic structure that is more supportive, and less unjust and inhumane. Be humble and look at the results of the system you have chosen, because most of your children are unsatisfied."

In his message, he called upon Mexicans not to destroy themselves or to tear themselves apart as if we were

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all enemies. "Let us not take sadistic pleasure in the problems facing those who lead the country, because there are those who have made a profession of merely attacking and undermining credibility. Let us love each other as brothers, respecting and valuing our differences in party, economic philosophy, culture, and religion."

He indicated that bishops and priests should be bolder and more creative in seeking new methods of preaching the gospel, because we face a cultural crisis of unsuspected proportions in which evangelical values and even fundamental human values are disappearing.

Arizmendi Esquivel did not pass up the opportunity to comment on the Beijing Conference; once again, addressing Mexico, he stated:

"You are not a slave to all those conclusions. Decide what is in keeping with God's plan and what contradicts it. Respect life, even if it is incipient life in the mother's womb, and do not indiscriminately accept all birth control programs, which are imposed by the rich countries more for economic reasons than human ones."

Later on, he urged the country not to be ashamed of its Indian past and present, but rather to accept the plurality of native peoples as a resource within national unity. "Listen to their laments and heed their wails. Assess their demands and weigh their proposals. Do not disdain them or discriminate against them, but give them preference. Do not, however, be fooled by those who manipulate their poverty."

The papal nuncio, Geronimo Prigione, stated that the priesthood should adapt to the times and to each lifestyle in order to bear fruit.

During these times, he added, priests should discover the orientations of contemporary society, recognize the deepest spiritual needs, and determine which specific tasks are the most important and which pastoral methods should be adopted to respond adequately to human expectations, so that the church can offer the world its message in the third millennium.

Thus, given that one of the themes of this episcopal assembly will be the training of priests, the nuncio emphasized the need to prepare young people who are called to the priesthood so that they will be able to enter that new period in history with the necessary spiritual equipment; but there will be other characteristics that never change, and they must try to be like Jesus.

On this point, Arizmendi said during his speech that Mexico needs pastors who do not confuse their vocation with that of a social or political leader, but who bring everyone toward Christ, because only he is capable of transforming hearts through and through.

Nevertheless, he indicated that priests' evangelical mission also entails an obligation to denounce those mechanisms of the market economy that bring severe harm to the poor. "We cannot be absent at a time when there is no one to look after their interests," he said, recalling the final document of the meeting of the Latin American Bishopric in Santo Domingo in 1992.

He went on to clarify that this is not meddling in politics, but rather preaching the Kingdom of God, which is truth and life, holiness and grace, justice, love, and peace. "The Lord asks us to learn to see his own face in the suffering faces of our brothers, above all in those disfigured by hunger, terrorized by violence, aged by inhuman living conditions, anguished by their families' struggle to survive."

In his message, the archbishop of Xalapa and president of the Mexican Bishops Conference (CEM), Sergio Obeso Rivera, discussed the Pastoral Plan that is to be approved by the ecclesiastical hierarchy during this assembly.

He stated that this episcopal plan for the coming years is not global in the sense of a finished and perfected product, but will provide guidelines for action based on the country's situation and the even greater challenges posed by widespread secularism, the proliferation of sects, and the increasing disregard for human life.

He acknowledged that Mexico is not the only country whose situation is not in keeping with divine will, because in every nation on earth the powers of this world seem to be in control, but as pastors, they have been entrusted with the well-being of this nation.

"The mass media and the pervasive universal culture seem to have spilled over into everything: The family, the school, the church. And not always for the benefit of morality and culture. This is not the time for lamentations and discouragement," he concluded.

Zedillo, Bishops Discuss Economic Model

96CA0053B Mexico City LA JORNADA in Spanish 16 Nov 95

[Article by Jose Antonio Roman; received via Internet]

[FBIS Translated Text] At a meeting with the Catholic hierarchy, President Ernesto Zedillo said that he is "open" to the proposal of another economic model. He also termed "preposterous" the rumor of an alleged coup d'etat; "responding to it would have been offensive to society, specifically to the quality of the Mexican Army, which has proven its loyalty to the institutions."

According to reports from the president of the Episcopal Commission for the Doctrine of the Faith, Jose

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Guadalupe Martin Rabago, and the Coadjutor Bishop of San Cristobal de las Casas, Raul Vera Lopez, who went to the official residence of Los Pinos on Tuesday, the chief executive denied that the rumor started two weeks ago is part of an "international conspiracy."

At the second press conference of the 59th plenary assembly of the Mexican Bishopric, the two prelates revealed details of their meeting with President Zedillo. The main topic of the meeting was the serious economic crisis in the country and the resulting deterioration of millions of Mexicans' standard of living.

Zedillo instructed the deputy secretary of legal affairs and religious associations of the Secretariat of the Interior [Gobernacion], Gabino Fraga Mouret, to organize a meeting between the church hierarchy and Agriculture Secretary Francisco Labastida Ochoa and Director General Genaro Borrego Estrada of the Mexican Social Security Institute (IMSS) so that the bishops could hear about "some interesting projects."

During the meeting at Los Pinos, which lasted a couple of hours, the president expressed caution regarding expectations for overcoming the current economic crisis. He said that no significant economic growth is expected for next year, and that the growth percentage will be "marginal."

According to Bishops Martin and Vera, the president explained to the members of the Permanent Council of the Bishopric and to Papal Nuncio Geronimo Prigione all the efforts the government has been making to overcome the crisis. He acknowledged, however, that distrust and rumors "are affecting the course of recovery," and "it would appear that these efforts are not bearing fruit."

"At no time did the president ask us to abandon what could be considered a critical attitude based on the criteria of truth and justice; he did not ask it of us, although we undoubtedly would not have complied anyway, because that would mean betraying our vocation as preachers of the gospel," stated Martin, who is bishop of the Leon Diocese.

Bishops Onesimo Zepeda of Ecatepec and Abelardo Alvarado, assistant in the Archdiocese of Mexico, played a marginal role in the press conference, which was called primarily to reveal the content of the meeting with President Zedillo.

Raul Vera indicated that the Chiapas case was discussed at one point during the meeting. The president expressed satisfaction that the peace talks have continued and that the recent local elections in that state took place without serious problems, commented the coadjutor bishop of San Cristobal.

Going into further detail on the economic model, which has been sharply criticized by the Catholic hierarchy in general, Martin summed up President Zedillo's position: "He said that he was aware that the so-called neo-liberal economic model has been criticized very frequently. He (Zedillo) stated that it is relatively easy to make critical judgments, but what we need is more counter-proposals."

The Catholic leaders asked, "What is being proposed to replace the so-called neo-liberal model?" and he said, "If anyone offers me a model that is really a valid alternative that will enable us to overcome our tragic plight, I would not be averse to it at all." But he indicated that he was not aware of anyone making that kind of proposal.

Regarding the violence and threats to public safety that have become so prevalent in recent years, Martin pointed out that the problem the president faces is how to alleviate this situation without giving rise to an authoritarian government that will ultimately resort to repression.

These are aspects, added the bishop of Leon, that a leader must definitely combine: Safeguarding public order and individual and community security while guaranteeing the legitimate exercise of human rights. This is where the art of governing becomes truly difficult in reality. There is a risk of succumbing to authoritarianism, or even to anarchy.

The bishops further reported that during the meeting "someone" asked the president his opinion of the rumor of an alleged coup d'etat that was circulating two weeks ago. His response was: "That was something so preposterous that it did not even deserve an official response from the Office of the President of the Republic, because any response would have been offensive to Mexican society, and specifically to the quality of the Mexican Army, which has proven its loyalty to the institutions of the country.... I thought that taking this totally unfounded rumor seriously would have meant playing right into the hands of the person who started it."

"Did you ask him if he is concerned about whoever is behind all of this?" Martin was asked.

"Not at all, he did not even suggest that. The president said he does not believe there is any kind of international conspiracy.... Nor did he say what interest there might be in destabilizing the country. 'I do not have a twisted enough mentality to think of that; I do not think there is one,'" he quoted Zedillo as saying.

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Bishop Sees PND Excessive Economic Focus

96CA0053C Mexico City LA JORNADA in Spanish 17 Nov 95

[Article by Jose Antonio Roman; received via Internet]

[FBIS Translated Text] The neo-liberal model as implemented by Mexico "is embodied" in the National Development Plan (PND), the secretary of the Economic Committee of the Latin American Bishopric, Javier Lozano Barragan, said yesterday. He questioned whether the country really has a clear national plan. "There is a change, largely propelled by external forces, but we do not know where we are going."

He warned that the Catholic Church will never accept a model of this nature, in which the centerpiece is the economy and not man. "Both Marxism and liberalism are the same, but one is dressed in red and the other in green."

For both models, according to Lozano, who is also bishop of the Zacatecas Diocese, the economy is what will solve all the problems; liberalism places great emphasis on private property, while in Marxist collectivism it is collective property, but they are both the same.

At the third press conference of the 59th plenary assembly of the Mexican Bishopric, the ecclesiastical hierarchy presented what could be some of its main proposals to President Ernesto Zedillo to overcome the crisis. Solidarity and subsidiarity, it was said, should be the guiding principles in this country, but they should be accompanied by work, education, and decisive support for the countryside.

In Lozano Barragan's view, "The problem is rooted in the Secretariat of Public Education. That is where we Mexicans must squeeze hard." He warned, however, that technological education is not enough, because it brings with it a dynamic that flattens th market and flattens the state.

That is why, he added, we need education in the humanities. "Nor do we want pure humanists, but it is necessary to strike a balance between technology and humanism, and thus shape the Mexico of the future. Otherwise, we will never be able to compete under the Free Trade Agreement."

We must recognize that we are up against a country with 10 times the technology we have, with a much greater high school graduation rate than we have. And he asked: "How can we emerge from our crisis with a generation of failed students who cannot even get past the sixth grade?"

Jacinto Guerrero Torres, coadjutor bishop of Tlaxcala and president of the Episcopal Commission of Social Pastoral, stated that another priority is strong support for the countryside; pain, poverty, and abuse by intermediaries are constants in that sector.

The more resources and support are given to the countryside, the more the country will prosper; if agriculture flourishes, the national economy will flourish as well. "In short, the Catholic Church wants an economy at the service of man," stated the Tlaxcalan prelate.

When asked for a general assessment of the first 11 months of the Zedillo administration, the four bishops present at yesterday's press conference, held at the episcopal headquarters of Lago de Guadalupe, stated that it is "too premature" to make a judgment of that sort because Zedillo has been at the head of the federal administration for a "short time."

Ulises Macias, bishop of the border diocese of Mexicali and president of the Episcopal Commission on Human Mobility, merely asked that Mexicans and the mass media focus not only on what is wrong, but also on what is worth doing.

The response to Mexico's critical plight does not depend on a single person, he said, referring to the president, but is up to the entire nation. "We all must do our part. The problem and the crisis will never be resolved if we do not all support ourselves as a community," declared Ulises Macias.

In this reg. d, Lozano Barragan called upon Mexicans to abandon the "syndrome," the "myth" of the scapegoat when assessing the situation, because "as soon as we start going wrong, we start looking for people to blame, but we never say that we ourselves are also to blame. It is always someone else's fault, and the more high and mighty they are, the better."

He said that in a "fictitious manner," these speculators "have made our people cry out in hunger." In this way, rumors are circulated that serve the interests of certain groups, and through speculation, they are able to reap millions of dollars.

Finally, the president of the Social Communication Commission of the Mexican Bishopric, Abelardo Alvarado Alcantara, indicated that the country should ban catastrophic assertions, and he said that the mass media have a great responsibility in this regard.

Lozano Barragan, who has been in charge of the Economic Committee of the Latin American Bishops Conference (CELAM) since last May, stated that just as people spoke of "flight capital" [capitales golondrinos] a year ago, now we are finding that speculators once again want "hefty profits."

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They should be denounced, but it is not just a matter of seeking those responsible; we must also find laws to put a stop to this situation "and never fall into a no man's land, where very powerful tribes with billions of dollars cause this monetary instability."

He explained that a country with monetary instability and inflation is on the road to ruin. It must be prevented, because it is always the poor and defenseless who suffer. It must be done, but not with words alone.

"Verbiage is for demagogues, not for serious people who really love Mexico. We must take action. This is not the time for great and wonderful theories, but for deeds, actions. It is not the time to be proclaiming liberation, but to put it into practice with our pocketbooks, helping our fellow man, helping those in need," said the CELAM official.

He stated that the key to solving the tremendous shortcomings in our country is to find an effective mechanism for redistributing wealth and property with greater justice and balance, because the country's Gross Domestic Product has indeed grown in the last decade, but it is concentrated in the hands of a few.

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Costa Rica

Government Puts Brakes on Privatization

96P20102

[FBIS Media Note] On 18 November, the Costa Rican Cabinet decided in a special session to stop promoting the privatization of strategic activities such as insurance, petroleum, energy, and banking. For now, the government prefers to continue promoting private coinvestment policies in several areas, such as the generation of electricity.

Information Minister Florisabel Rodriguez indicated that the Figueres administration believes the privatization matter should be discussed in a national forum. This sudden change created confusion among different sectors, inasmuch as businesses felt this decision would halt the modernization process, while the unions are doubtful.

A summary of recent steps taken to reform key economic sectors follows:

Banks:

A new Central Bank law was passed that aims to break the state monopoly on accounts receivable and rediscounts.

An agreement promoting greater efficiency among state banks was signed by the government and state banks.

The government will send a bill to the legislature that will open the way for the International Bank to be established in Costa Rica.

Electricity Institute:

As part of the Third Structural Adjustment Program negotiations, an agreement was reached with the Inter-American Development Bank whereby the energy and telecommunications sectors will no longer form part of this institute.

National Insurance Institute:

Public insurance sales and independent agents were authorized.

Oil Refinery:

Current funds were disbursed for a study to evaluate the operation of the oil sector.

Social Security Institute:

The Board of Directors will study a plan to grant greater autonomy to hospitals so they can function as private businesses do. (LA NACION, 18 Nov)

El Salvador

Rumors of Coup d'Etat Follow FMLN Occupation

President Denies Rumors

PA2411215895 San Salvador Radio Cadena YSU in Spanish 1800 GMT 24 Nov 95

[Report by Carlos Ramos; from the "YSU Radio News" newscast]

[FBIS Translated Text] President Armando Calderon Sol today denied rumors of a possible coup d'etat that the military could be contriving and gave assurances that destabilizing sectors have taken it upon themselves to create these speculations. The president also regretted yesterday's incidents between former Army soldiers and the National Civilian Police, which left one person dead and several people wounded.

[Begin recording] [Calderon Sol] I am the first to regret what took place yesterday. I believe El Salvador is now at a stage where violence should no longer be used. All political opportunities are available and freedom of expression is an absolute reality in our country, thus these sorts of things should not happen. I regret yesterday's violent incidents; I believe there is no reason for them, our democracy is for real, and all opportunities are available for these incidents not to take place. This incident was caused by people who do not understand that these are things of the past and force cannot be used.

[Unidentified moderator] Carlos Dominguez from [Radio] Maya Vision.

[Dominguez] Good afternoon, Mr. President. A military presence was noticed last night outside the University of El Salvador and this morning near the Fatima School in Santa Tecla — armored vehicles, troops, [words indistinct], helicopters overflying. Are these movements any indication of actions against your administration?

[Calderon Sol] No, I believe that this is also something from the past. I believe that what could be termed as military actions against a legal government democratically elected by the people is something of the past in El Salvador. We have a professional and institutionalized Armed Force; we have a new country. I think this takes place in some minds that have still not evolved with time and imagine some sort of thing. But I can tell you that there is absolute and full confidence in the country's institutions. [end recording]

The Salvadoran president, when referring to the social upheaval, said that his government is consolidated and at no time has there been an atmosphere of destabilization for the state.

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In turn, Defense Minister General Humberto Corado Figueroa said that the people should not be alarmed by troop movements and that all this is routine. He reiterated that the armed institution will not allow itself to be used to encourage disorders with political connotations.

Government Spokesperson Denies Rumors

PA2411140995 San Salvador Radio Cadena YSU in Spanish 1230 GMT 24 Nov 95

[From the "YSU Radio News" newscast]

[FBIS Translated Text] The government Thursday night denied rumors of a possible coup d'etat, which arose following the violent evacuation by the police of former FMLN combatants from a government building. "The possibility of a coup d'etat is denied, because we are marching along a democratic path," said National Information Secretary Francisco Imendia.

Rumors of a coup d'etat increased Thursday in political circles and in the press, due to the constant movement of Salvadoran Air Force [FAS] aircraft, which even flew over the presidential palace in the capital city.

A tense climate prevailed in the city after a group of riot police forcefully evicted former FMLN combatants who occuppied a government building for several hours. The police action resulted in one dead, 20 wounded, and dozens arrested.

San Salvador Police Director Rodrigo Avila recognized that there were mistakes in the evacuation of the former FMLN combatants by riot police Thursday afternoon.

Former FMLN Combatant on Occupation

PA2411152995 San Salvador Radio Cadena YSU in Spanish 1230 GMT 24 Nov 95

[From the "YSU Radio News" newscast]

[FBIS Translated Text] The characteristic sounds of gunfire with rubber bullets were heard again during the clash involving policemen of the National Civilian Police, former members of the FMLN [Farabundo Marti National Liberation Front], and the Army on Thursday. One of the soldiers was killed and several persons were injured. Other persons were seriously affected by the tear gas and mustard gas. The incidents occurred when disabled former combatants staged a demonstration in the capital.

Carlos Lopez Mendoza, spokesperson for the Salvadoran Red Cross, confirmed the toll of the incidents, which raises questions as to the effective fulfillment of some pending points of the peace agreement.

[Begin Mendoza recording] We have approximately 20 injured persons, including hostages who were in the building and were affected by the tear gas. Among these were Dr. Marlon Mendoza; Maria Antonia Rivera; Andres Sanchez; a minor, Zenia Malevin Rivera; and Beto Garcia. Policeman Rafael Antonio Maspero, 19, was among the injured. He sustained a hand injury. The rest of the persons were affected by tear gas, vomiting, and dizziness. As you can see a considerable number of persons were affected. At least two dozen suffered from the effects of tear gas. Persons in nearby buildings were also affected by the tear gas. [end recording]

Since the early morning hours when the former FMLN combatants occupied the building holding persons inside hostage, the situation had become tense, both on the policemen's side as well as among the former FMLN combatants. The FMLN former combatants occupying the building demanded fulfillment of one of the most complex points of the peace agreements: granting of credits and effective fulfillment of the land transfer.

[Begin unidentified former FMLN combatant recording] We have occupied the building to demand that the government fulfill immediately the peace agreement it signed with us. The truth of the matter is that we have many families of war victims who have not received any benefits thus far, such as indemnity, credit, training, delivery of farm parcels, and subsidies. The government signed the peace agreements in Chapultepec, Mexico, but it is not giving priority to these commitments. That is why we former combatants and war victims are exerting pressure on the government, so that it will agree to a negotiation, and so that we can find a solution to this situation. If the government does not agree to negotiate with us, we will stay here until we get an immediate response from it. [end recording]

Human rights representatives tried for three hours to convince the former FMLN combatants to abandon the building, but only obtained the release of 10 women. The police exerted pressure at the time and threatened to storm the building at any moment, with the legal argument that it was a kidnapping. The occupation lasted three hours. According to the law, an occupation is considered a kidnapping whenever the occupation exceeds six hours.

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Defense Minister Explains Military Movements

PA2611212795 San Salvador Teleprensa Television in Spanish 1935 GMT 24 Nov 95

[Interview with Defense Minister Humberto Corado by unidentified reporters; recorded — place and date not given]

[FBIS Translated Text] [Reporter] The fact that artillery pieces, admittedly not many, are on the streets and that patrolling is taking place, does not mean that the military is working on something?

[Corado] Not at all. I want to be emphatic about this, because false notions and ghosts could be created in the country, and this would bring about more unrest when the fact is that there is no political design or meaning behind this. The armed institution has no plan whatsoever to get involved in matters not in its realm or to destabilize the country through military actions.

The truth is that we respect the Constitution. We know perfectly well what our role is. We are convinced that El Salvador needs peace and quiet and we, who are responsible for safeguarding this tranquility, which the Salvadoran people need, would be defeating our purpose by promoting disorder or actions of a political nature. So whatever military movement you may have observed is routine and of an administrative nature and does not mean we have any plan to carry out any unconstitutional action.

[Reporter] General, how would you evaluate the performance of the National Civilian Police [PNC] and the Office for the Defense of Human Rights. How do you view their performance?

[Corado] Violence never yields anything good. I think that when violence is used to secure political, economic, or social benefits, this brings about a reaction. I am not going to pass judgment on whether what happened yesterday went beyond legal frameworks, but I insist: When a sector of the population, regardless of which one it is and what its objectives are, disrupts order and places itself outside the law, the first objective of the authorities must be to restore order and impose respect for authority; otherwise we would be in a state of anarchy that could have regretful consequences for the country.

I think that, after 12 years of war, all the people of El Salvador must be certain that violence has led us to nothing and that there are paths for expressing ourselves. I think there is sufficient freedom and legal ways of reaching goals without disrupting order.

I think the PNC authorities will evaluate this situation, and they will determine what consequences the actions that unfortunately resulted in one person dead and others injured may have. We all regret this. We don't need to be authorities to regret this. As simple human beings, we regret that a person died as a result of this action.

[Reporter] [words indistinct]...destabilize the current government, but how do you justify the presence of troops yesterday evening in the city?

[Corado] We have been carrying out activities related to military sports events, and in recent days we have been in the capital because the final games are being played. This sports event will be closed tomorrow at the 1st Infantry Brigade. Because of this, some units from the interior have been deployed to the capital, but, I repeat: There is no political or military design behind this. I want the Salvadoran people to know this.

[Reporter] President Armando Calderon Sol has said that the military in the past were all powerful and governed this country, but now, he said, I am the sole commander. Those who like it, fine, and those who do not can leave, he noted. What do you think of this commentary?

[Corado] I do not have the exact text of the statement by the president. His statement could have been misinterpreted. All I can tell you is that if we want a law-abiding country, where all sectors have the opportunity to work for security, development, stability, and progress, then all the institutions must work in line with what is established in the Constitution, and the Constitution orders us to be apolitical, obedient, and respectful of political power, and this is what we are doing.

The president is the commander general of the Armed Forces. We are his subordinates. We are subordinates of political power, and we are prepared to continue functioning this way because this is the will of the Salvadoran people, and this is what serves the interest of El Salvador.

FMLN Claims PNC, Army Creating Civil Unrest

PA2511001695 San Salvador Radio Cadena YSU in Spanish 1800 GMT 24 Nov 95

[Report by Douglas Mejia; from the "YSU Radio News" newscast]

[FBIS Translated Text] The FMLN [Farabundo Marti National Liberation Front] party, after questioning the incidents that took place on 23 November at the Fund for the Disabled [Fondo de Lisiados], disclosed the content of a memorandum that was circulated among all PNC [National Civilian Police] metropolitan chiefs, warning them to be alert to an alleged destabilization plan against the government.

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The alleged plan was suppposedly a plot by the country's working class, which was described by the FMLN as an invention by the commanders of the new police institution.

[Begin FMLN coordinator Leonel Gonzalez recording] Here we have a memorandum sent by the PNC chief to the chiefs of the metropolitan delegations. This memorandum says that there is information that on 15, 16, 17, and 18 November there are a series of national activities planned aimed at destabilizing the government, taking advantage of the moment that has presented itself with the economic compensation law. The memorandum then lists a series of activities and dates and adds: we therefore recommend establishing security measures in state institutions and keeping abreast of social-political movements taking place in sectors of responsibility, thus keeping under control the actions that these social-political sectors attempt to carry out. Likewise, inform the immediate service chiefs.

This memorandum also lists a series of labor organizations and the names of many labor leaders. We are telling the people right now that this is totally false and is an invention by Public Security intelligence to create an atmosphere so they can increase repression against workers. This memorandum was issued by Mr. Francisco Orlando Parada Batres, chief of the public security division, to all chiefs of metropolitan delegations. [end recording]

There was international speculation in the past few hours over an alleged coup d'etat, which was subsequently ruled out by Presidency Information Secretary Francisco Imendia. The FMLN leader says that the memorandum that was issued is the most obvious evidence of how the administration is thinking.

[Begin recording] [Gonzalez] I believe that the reply is in this information. Here it says — it is dated 13 November — all these activities aimed at paralyzing the country — instability, ungovernability, provoking insurrection — which would put at risk national sovereignty and would force the Army to take to the streets, thus causing confrontation and paving the way for the start of an armed revolt. Herein lies the reply.

[Unidentified reporter] [words indistinct]

[Gonzalez] This is a ploy; in other words, Army and PNC intelligence services are creating a surreal atmosphere. Why? Because they are bent on not fulfilling the agreements and in forging ahead with their economic program. Thus they seek an atmosphere in which they can cause repression and then be able to argue that there is a plot. [end recording]

In response, Deputy Juan Duch, leader of the legislative faction of the ruling Arena [Nationalist Republican Alliance] party, called on the left-wing party to stop their suppositions, because he believed that this could affect the national peace process.

[Begin Duch recording] I regret that this sort of news is being given at this moment, just when we are still sitting at a negotiating table as part of a process of understanding. Many people here say one thing and do another. I hope the FMLN is sensible and does not fan the flames on the one hand and on the other deny the covert actions they carry out. We believe that Salvadorans need to be more sensible after a process of peace and democratic stability. Destabilization is not very patriotic at this time, when citizens are very alert about fixing things through [words indistinct] and talks between understanding citizens.

I am not familiar with the document that has been read, but the truth of the matter is that the union leaders themselves have called for acts of violence at a given moment.

I call on their goodwill to desist from such acts, because otherwise this could degenerate into emotional instability, more than anything else, and this goes against our country's interests. [end recording]

The PNC violently dislodged a group of former fighters, which as far as the left-wing party is concerned, reflects the first PNC attitudes under received orders. During the action one former fighter died and several people were wounded and affected by tear gas and so-called mustard gas. The current administration faces increasing social tensions, generated not only by noncompliance with certain points in the peace agreements, but also by the incorrect application of a decree of forced retirement for public workers.

FMLN Urges Extradition From U.S. of Alleged Murderer

PA2611172395 San Salvador Radio Cadena YSU in Spanish 1800 GMT 25 Nov 95

[Report by Douglas Mejias; from the "YSU Radio News" newscast]

[FBIS Translated Text] Marta Valladares, a leader of the Farabundo Marti National Liberation Front [FMLN], has regretted that Carlos Romero Alfaro, alias Saldana, the main suspect in the murder of FMLN leader Francisco Veliz, has not been extradited from the United States, despite the fact that the deadline expired on 14 November.

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Valladares was surprised to hear Saldana's defense attorney affirm that since the extradition deadline had expired, political asylum would be a valid option.

[Begin Valladares recording] I find this situation strange and surprising because there was every indication that Saldana would be extradited as soon as possible. We had been following up on this case. Just last Friday I spoke with the director of the National Civilian Police; I had also requested an appointment with the U.S. Embassy; I had been talking with the accusing attorney retained by Veliz' widow for the Saldana case; and everything indicated that Saldana was going to be extradited.

Now his attorney says, according to reports, that the deadline for his extradition expired on 14 November, which has surprised us, and that because of legal blunders, the case will be dismissed, and that all Saldana has to do now is seek political asylum. [end recording]

The FMLN leader urged the Prosecutor General's Office to reinstate its position and urged the U.S. Embassy to extradite Saldana.

[Begin Valladares recording] We demand the Prosecutor's Office, who initially filed the extradition request, to reintroduce the request and we urge the U.S. Embassy to fully cooperate with this matter. We also urge the National Civilian Police to become involved in this so that Saldana may return to this country as soon as possible because, as I have said, there was the impression that he was going to be extradited.

If he is not extradited, impunity will win. This is my opinion. This would mean impunity because there is all sorts of evidence that Saldana was one of the masterminds behind the killing of Veliz. There are eyewitnesses. Why is he on the run? Because Mendoza Jerez cautioned him. Mendoza Jerez, as director of the Criminal Investigations Division, not only failed to capture Saldana, but he alerted Saldana and told him to leave and he left.

Saldana has received protection. From whom? From the power structure, especially from people linked to the Criminal Investigations Division. [end recording]

Marta Valladares said she will try to meet with U.S. Ambassador Alan Flanigan to ask him for his assistance in this case.

The governing Nationalist Republican Alliance has said it would not be a good idea to grant political asylum to Saldana because a political crime has been committed.

Commentary Denounces Visiting U.S. Labor Leaders

PA2611185495 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 21 Nov 95

[From the "Sonora Newscast" newscast]

[FBIS Translated Text] U.S. labor leaders are robbing this small country of sovereignty and independence. We are not surprised by this, although we are sad to have lost our sovereignty, independence, and decision-making ability. And now we have learned of the recent arrival of high-ranking leaders of powerful U.S. unions who are acccompanied by U.S. Government officials. They came with the objective of putting an end to the growth of the assembly plant industry. This industry is also known to be volatile for the fact it is now here in El Salvador generating thousands of jobs, but tomorrow may move elsewhere, leaving behind workers, unions, and the very government which opened its doors wide open. The government gave this industry all facilities and advantages so they could begin operating in the country.

On this occasion, we will not address the seriousness of problems affecting the assembly plant industry. Rather, we will refer to the foreign intervention in our domestic affairs and the support given to these interventionists by our labor leaders. Our leaders, wishing to earn a few more dollars, do not care about selling their souls to the devil and leaving thousands of Salvadorans unemployed.

The leaders of the U.S.-based AFL-CIO have expressed that their sole mission is to conduct an on-site investigation to confirm whether or not the assembly plants respect the rights and benefits of workers. Otherwise, they would pressure the U.S. Government to exclude El Salvador from the general tariff preference system, which would undoubtedly affect the assembly plant industry. This industry would in turn be forced to pay customs duties for the entry of their products into the U.S. market, making it impossible for them to compete with their prices. This would result in the immediate suspension of request orders for El Salvador and the assembly plants would be forced to shut down and dismiss hundreds of Salvadoran workers who work in the so-called free zones.

The high-ranking U.S. labor leaders who arrived in the country may possibly be correct in considering themselves owners of this small territory of 19,000 square kilometers. Through their taxes, they contributed to giving El Salvador millions of dollars in all forms of cooperation. In addition, loans from the AID and other institutions have contributed to feeding and preventing

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Salvadorans from starving to death. But these U.S. workers do not think about the 13-year war that was imposed on us by E st and West ideologies. We were the ones who buried the dead. And they now come here, with another form of intervention, to meddle in our affairs. This cannot be tolerated.

We were guinea pigs. The prolonged people's war did not produce favorable results for the North Americans. Consequently, we now say: Out with U.S. labor leaders! Leave us alone!

U.S. labor leaders believe they are doing us a favor. Undoubtedly, they are wrong, but they should take into consideration that we are not Puerto Rico, which was annexed by them as a territory.

Guatemala

Reportage on Court Decision on Government Agreements

Court Rules on Challenge to Acts

PA2411130395 Guatemala City SIGLO VEINTIUNO in Spanish 23 Nov p 3

[Report by Oneida Najarro]

[FBIS Translated Text] The Constitutionality Court [CC] yesterday decided not to grant the temporary suspension of the acts that are being challenged by the attorneys, who are seeking to have the courts declare as unconstitutional the government agreements that gave rise to the Peace Commission (Copaz) and the National Reconciliation Commission (CNR), through which the negotiations with the guerrillas have been channeled.

The CC considered that the temporary suspension of the challenged acts would have been warranted had it found that the unconstitutionality was subject to cause irreparable damage, which was not the case here and, therefore, was found inadmissible.

The decision was communicated to attorneys Jorge Eduardo Ortega Sierra, Jose Fernando Guirola Gauggel, and Carlos Larrieu, who assured that the agreements that gave rise to Copaz and CNR during the administrations of Vinicio Cerezo and Jorge Serrano are unconstitutional.

The CC noted that its basic task is to defend the constitutional order and is, therefore, mindful of unconstitutional acts that go against the laws, regulations, or measures and contravene the Magna Charta.

On the file that was analyzed, the CC stated that articles 267, 268, and 272 of the Constitution that address the functions of the CC and the Amparo Law do not make it feasible to declare the temporary suspension of the Agreements dated 11 September 1987 and 28 April 1992.

The Attorney General's Office and President Ramiro de Leon Carpio were also given 15 calendar days to make a statement on the challenged acts.

Guerilla Leader Comments

PA2411144795 Madrid EFE in Spanish 1902 GMT 23 Nov 95

[FBIS Translated Text] Queretaro, Mexico, 23 Nov (EFE) — The Guatemalan guerrilla forces showed their satisfaction today regarding a Guatemalan Constitutional Court ruling which rejects the claims by landowners' organizations to end the peace negotiations.

Commander Pablo Monsanto, leader of the Guatemalan National Revolutionary Unity [URNG] told EFE that the ruling "completely legitimizes the peace process" and "pushes aside" the large farm owners.

The National Agrarian Coordinator filed two law suits: one suit, against sociologist Hector Rosada Granados, leader of the government delegation in the negotiations, and another suit which questioned the creation of the two organizations related to the negotiations.

In the first case, the businessmen accuse Rosada of seven crimes for negotiating with the URNG which they consider illegal and which charges a "war tax" which affects them.

In addition, the other suit was filed to ask for the annulment of the peace process because they consider that the creation of the Government's Peace Commission and the National Commission for Reconciliation (which was under Rosada's charge during the first stage of the negotiation before it was dissolved) was irregular.

"The Constitutional Court ruled in favor of the government Commissions for Peace and National Reconciliation which completely legitimizes the peace process," Monsanto said.

According to the rebel leader, who resides in Mexico, the resolution shows that the National Agrarian Coordinator is "out of phase" which "isolates it even more from the national and international camp."

The court's ruling became known when representatives of the government and the guerrilla forces were meeting in the city of Queretaro to negotiate an agreement regarding the agrarian situation and socioeconomic issues.

According to Monsanto, during this round which ends on Sunday, the two parties hope to finish drafting the documents to sign the agreement in their next meeting.

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Prosecutor Views President's Request for Report

PA2411171895 Guatemala City Televisiete Television in Spanish 1900 GMT 23 Nov 95

[From the "Channel Seven News"]

[FBIS Translated Text] Prosecutor General Ramses Cuestas Gomez has decided not to file a report that President Ramiro de Leon Carpio has requested. Ramses Cuestas says that such actions are illegal and that they violate human rights:

[Begin recording Cuestas Gomez] All of this is arbitrary. It simply says: I grant you a meeting of X amount of time, X number of hours, or X deadline. It could have been 10 minutes, 15 days, three weeks: Any kind of deadline could have popped into the president's head, simply because — in case there is an attempt to remove the prosecutor general from office — there is no legal guideline for what must be done or how it must be done. Other reasons for the reporting procedure have been made perfectly clear. I am not obligated to respond if there is no legal guideline. There are fundamental errors regarding the, quote, meeting, unquote, that I am being granted and the way in which I have been notified about it. My answer to the president: I must fulfill my duties not because I am obligated to do so but because it is the smart thing to do. However, he is the nation's leading magistrate and deserves some respect. Although I have questioned from the beginning the president's capacity and authority to remove me when there is no legal guideline for doing so, an answer must be given within a certain time limit on the question of removing me in an irregular, illegal way that could even be defined as arbitrary. [end recording]

URNG Withholds Support in Runoff Elections

PA2711032195 Madrid EFE in Spanish 1725 GMT 24 Nov 95

[FBIS Translated Text] Queretaro, Mexico, 24 Nov (EFE) — The Guatemalan guerrillas confirmed in Mexico today they have decided not to ask for a vote in favor of either of the conservative candidates who will dispute the Guatemalan presidency on 7 January.

"We are not going to take a stand in favor of anyone; we are not going to call for a vote for anyone," Commander Pablo Monsanto [Jorge Ismael Soto Garcia], one of the leaders of the Guatemalan National Revolutionary Unity (URNG), told EFE.

Monsanto said that, before the 12 November elections, the URNG had asked the people to vote "for the candidate who represented the interests of the majority" and not for a specific party.

The runoff will be between Alvaro Arzu, presidential candidate of the National Vanguard Party (PAN), and Alfonso Portillo, presidential candidate of the Guatemalan Republican Front (FRG).

Arzu, a businessman and former mayor of the Guatemalan capital, won 36.56 percent of the valid votes while Portillo, a lawyer associated with Efrain Rios Montt, a general and former president accused of human rights violations in the 1980's, obtained 22.08 percent.

The rebel commander said he was satisfied with the results of the general elections, describing them as "positive," especially those obtained by the New Guatemala Democratic Front [FDNG], a leftist organization established in August.

According to Monsanto, "the achievement by the popular and democratic movement is only a sample of what can be accomplished in the year 2000 if efforts for the long term are undertaken."

The FDNG became the country's third political force, with 7.71 percent of the valid votes. It won five of the 80 seats in the future Congress, even though the government and the Army insisted that it had links with the insurgents.

The new deputies of the FDNG include activists Rosalina Tuyuc, Nineth Montenegro, and Amilcar Mendez, who lead popular organizations that emerged as a result of the more than 30-year-old armed conflict in Guatemala.

In view of their activities in defense of human rights — which have made them known abroad — the military and business sectors link them to the guerrillas but they have denied such charges.

Rosalina Tuyuc is a Cakchiquel Indian, leader of the National Coordinating Board of Guatemalan Widows, which presented to Congress a bill to end obligatory military service and to recognize conscientious objection.

Nineth Montenegro is founder of the Mutual Support Group, formed by relatives of missing people. Since 1986 it has demanded answers from the governments and has called for exhumations in clandestine cemeteries.

Amilcar Mendez works in Quiche Department, a strife-torn area, where he has denounced in court the abuses by Civilian Self-Defense Patrols and military commissioners as well as the procedures used for military recruitment.

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The rebel commander refrained from confirming whether the FDNG will be the organization through which the URNG will join Guatemala's political life after it lays down weapons.

According to Monsanto, they will decide whether they will establish their own party, "join another one," or form "alliances to participate in the future," after the signing of the complete peace agreement expected next year.

"As a political and social force, the guerrillas will have to form alliances with different sectors that want to build a real participatory democracy in Guatemala," the rebel leader, who is participating in the peace negotiations, said.

The representatives of the Guatemalan Government and guerrillas have been meeting in the Mexican city of Queretaro since Thursday to draft an agreement dealing with the agrarian situation and the socioeconomic problems that affect Guatemala.

The URNG's reintegration into political life and the reform of the electoral system are some of the issues that the two sides must address in 1996 to end the armed conflict that, according to human rights organizations, has claimed approximately 150,000 lives.

Honduras

Spokesman Warns of CIA 'Discrediting' People

PA2411194195 Mexico City NOTIMEX in Spanish 1724 GMT 24 Nov 95

[FBIS Translated Text] Tegucigalpa, 24 Nov (NOTIMEX) — With an implicit acceptance that the U.S. CIA carried out covert operations in Honduras, a military spokesman today warned here that there is a possibility that the CIA is discrediting Hondurans.

"The U.S. Embassy exerts an influence in the country, and the CIA is no exception. It is quite capable of not only physically eliminating a person but at the very least of discrediting persons by fabricating false reports, Honduran Military Spokesman Guillermo Pagan said.

In his column called "Reflections," published in the daily EL NUEVO DIA, Pagan did not question the report published by this newspaper on 13 November that said that the Honduran military fears being murdered by CIA covert agents.

The report claims that Honduran officers fear being eliminated, so they will not declare what they know about the CIA operations during the 1980's, a report U.S. Embassy spokesmen have described as speculation.

Nonetheless, Pagan pointed out that inasmuch as this report has already been circulated, "there might be some individual with radical ideas who might avail himself of the circumstances to provoke an armed military action against the Honduran military, and the people would easily think the CIA was responsible for this action."

Pagan said that the probable attacks "would be a blunder," due to the fact that the names of the U.S. CIA agents who were in Honduras during the 1980's "are kept in special folders," but he did not disclose in which office.

"When the first attack takes place (their names) would be disclosed, and this would put them in a dangerous situation," the military spokesman said.

He added that the CIA operations "possibly" seek to prevent many of the military officers who cooperated in secret operations from providing names that would serve to clarify the fate of the missing persons.

The Armed Forces have not openly accepted that the CIA conducted covert operations in Honduras in the 1980's to prolong the war in Nicaragua and that it advised the military to repress Honduran leftist leaders.

According to human rights groups, 184 persons disappeared in Honduras in the 1980's, and it has been requested that the U.S. Government declassify the information that the CIA and other U.S. agencies have on this subject.

Soldiers To Patrol Streets, Fight Crime Wave

PA2311214895 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 23 Nov 95

[Report by Danilo Izaguirre, from "The Morning Paper" newscast]

[FBIS Translated Excerpt] President Carlos Roberto Reina and General Luis Alonso Discua Elvir, commander in chief of the Honduran Armed Forces, have decided that as of this moment, 0600, the Army will be patrolling the streets of the main cities of the country.

President Reina and Gen. Discua Elvir made this decision at the request of the people following the violent and criminal actions that have taken place in recent days throughout the nation.

At the request of the citizens who are worried over an increase in crime, the military will today leave their garrisons and will patrol the streets in an effort to curb the high rate of crime that has alarmed the people who are afraid of even stepping outside their homes. As it is public knowledge, in recent months there have been numerous and violent attacks in business areas. The thieves have been particularly active in banks, where they have killed several persons. As President Carlos

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Roberto Reina said, D-Day begins at 0600 today. It began approximately two minutes ago, when the soldiers in their olive drabs joined the police patrols. This is the D-Day we were waiting for; the soldiers are in the streets, to fight and to control violence, President Reina added.

This measure has been taken in view of the interest voiced by most of the people who feel vulnerable following the many armed robberies that have taken place in all banks of the nation. Nonetheless, the police feel that the soldiers are not qualified to fight crime, even though their presence will discourage criminals.

Meanwhile, President Reina has confirmed that Colonel Alvaro Romero, chief of the presidential staff, will be promoted to the rank of general. We now bring you a report with Benny Moncada from the presidential palace.

[Begin recording] [Moncada] Just as we announced last night in an exclusive manner, the president of the republic has confirmed that the army will today take to the streets and that Col. Alvaro Romero, chief of the presidential staff, will have another star in his uniform, that is: He will be promoted to the rank of general. Let us listen to the president.

[Reina] The soldiers are on the streets, controlling and fighting violence with full intensity. Today, 23 November, is the day for which we gave been waiting. Someone said this was being done before. That was not enough. Now, the soldiers will fight crime with both barrels.

The other announcement is that my friend — who is fully qualified and is an outstanding member of the Armed Forces — Col. Alvaro Romero, will be promoted to the rank of general.

[Moncada] President Carlos Roberto Reina: Speaking of generals, Armed Forces Commander in Chief Gen. Luis Alonso Discua Elvir today announced that businessmen are at a risk because they could be kidnapped. What would you say about that?

[Reina] He has been very worried because violence has threatened just about everyone. Kidnappings are popular in Guatemala and several other neighboring countries. The general should provide an explanation of the information he has at hand. He is a very responsible man and he has a great task to carry out. We have instructed him precisely as armed forces commander in chief to send the soldiers to the streets to fight violence.

[Moncada] The military will be patrolling the streets throughout the country as of today and through 31 December. Later on, the situation will be evaluated again. [end recording] [passage omitted]

Nicaragua

Ministry Denies Russian Mafia Involved in Debt Talks

PA2111155295 Managua Canal Dos Television in Spanish 1600 GMT 19 Nov 95

[From the "This Week" newscast]

[FBIS Translated Text] According to the Costa Rican newspaper LA NACION, Russian mafia leader Sergey (Mihailov), who is implicated in drug trafficking, tried to negotiate Nicaragua's debt with Russia and has economic interests in Nicaragua. Foreign Cooperation Ministry officials denied that (Mihailov) took part in any negotiations regarding Nicaragua's foreign debt.

According to information gathered by Costa Rican reporters, another Russian Mafia member, (Shaftay Kalmanovich), had held the title of honorary Russian consul to Nicaragua. However, Foreign Ministry spokesman David Silva categorically denied that the Nicaraguan Government had named honorary consuls in the Russian Federation.

Minister Says International Reserves Deficit Growing

PA2311161395 Managua Canal Cuatro Television in Spanish 0400 GMT 21 Nov 95

[From the "Extravision" newscast]

[FBIS Translated Text] The government has less than 45 days to comply with the demands of the ESAF [Enhanced Structural Adjustment Facility] through the stopgap loan program. The first imposed goal was that of reducing the deficit of the net international reserves that were to be adjusted up to minus $21.6 million. Nonetheless, up to October of this year, these reserves were at minus $115.2 million.

[Begin Finance Minister Emilio Pereira recording] The deficit of the international reserves continues to increase. Although we are in a much better position than we were last year, we are still behind in the program, because it has been over 1 year since we have not received any foreign currency as a result of the problems with Telcor [Nicaraguan Telecommunications and Postal Services Institute]. Nonetheless, in absolute terms, we are in a better position than last year. However, if the trend continues, we will definitely have problems that could jeopardize our macroeconomic stability. That is something we cannot allow. [end recording]

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Another one of the points hinting that the government will not be able to meet the agreements signed with the stopgap loan program is the fact that the net internal credit to the non-financial public sector should not exceed the amount of 308.4 million cordobas by 31 December 1995. Nonetheless, the reports issued by the Economic Studies Management of the Central Bank registered credits to this sector for 748.3 million cordobas up to 9 November 1995. In other words, we have also gone over by 439.9 million cordobas in this sector.

Another goal that the government had in the stopgap loan program was that Banades [National Development Bank] would deposit $30 million dollars monthly in the Central Bank, which means that by now, it should have deposited $60 million.

The fact that these three goals havd not been met could mean that the IMF will withdraw from the country in January 1996.

FSLN Communique Protests National Assembly's Stance

PA2511220395 Managua BARRICADA in Spanish 22 Nov 95 p 8

[Communique by Nicaragua's National Directorate of the Sandinist National Liberation Front; place and place not given]

[FBIS Translated Text] In view of the murky political actions being carried out by the government and the Board of Directors of the National Assembly around the *Electoral Law*, Telcor's [Nicaraguan Telecommunications and Postal Services Institute] privatization, and the *Property Law*, and the campaign of lies regarding an alleged *plan for a coup d'etat* with which they are trying to distract the Nicaraguan people while they carry out their treacherous plans, such as selling Telcor, ignoring the workers' proposal, the Sandinist National Liberation Front (FSLN) hereby protests:

1. The treacherous attitude of some deputies who, turning their backs on national interests and popular feelings, agreed to sell more than 50 percent of Telcor's shares. This hasty action violates the agreements signed with the Federation of Telcor Workers in an open alliance with the goverenmenet.

2. The deputies who approved the selling of Telcor to a multinational company are responsible for the surrender of that highly profitable national asset and of the negative repercussions this will have in the near future, including more unemployment and an excessive increase in tariffs.

3. The same deputies who have joined the government in carrying out those treacherous actions have been fabricating alleged plans for a *coup d'etat* trying to implicate the FSLN with the sole purpose of distracting the people and covering up the negligence and irresponsibility of the National Assembly's Board of Directors. The latter has not yet approved the *Electoral Law* endangering the electoral process. With each day that passes, the Supreme Electoral Council faces more difficulties in implementing the various phases of the process due to the lack of an *Electoral Law*.

4. The FSLN publicly criticized the National Assembly's Board of Directors through its parliamentary representation on 8 November due to the delay in approving the *Electoral Law*. The Board of Directors, however, has not yet resumed the debates on the subject.

5. The disorder, slowness, and inaction of the National Assembly in response to the pressures and blackmail from the executive branch are due, among other things, to the straitjacket known as the *Framework Law* [Ley Marco], a notoriously unconstitutional law, which has made the Board of Directors and some parliamentary leaders adopt a docile attitude with regard to the government's mandates. This has had very negative consequences for the nation and the public interest.

The FSLN urges all Nicaraguans to unite in defense of the 1996 elections. We must also demand from the National Assembly dignity, loyalty, and fidelity toward the nation and the public interest. The National Assembly should not continue approving laws behind the people's backs.

Our people deserve respect. Stop trying to manipulate them with slanderous campaigns! The National Assembly must fulfill its role with responsibility!

[Signed] FSLN National Directorate

Assembly Approves Telcor Privatization

PA2211180495 Managua EL NUEVO DIARIO in Spanish 21 Nov 95 pp 1, 8

[Report by Edgard Barberena S.]

[FBIS Translated Text] The National Assembly last night approved the privatization of 51 percent of the assets of the Nicaraguan Telecommunications and Postal Services Institute, Telcor. A legislative majority rejected the capitalization scheme proposed by a group of Telcor union members, who hinted at staging a likely telecommunications walkout that would leave Nicaragua isolated from the rest of the world.

The law, which was approved by 45 votes in favor, 20 against it, and 10 abstentions, as well as four

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legislators who refused to vote, stipulates that 40 percent plus one of Telcor assets will be bidden off to a company known worldwide for its telecommunications experience, according to a motion (which was approved) deputies William Ramirez and Anibal Martinez filed.

The other percentage, which was already approved and which triggered heated debates and demands for even eliminating it from the law (Law for the Participation of Private Individuals in the Operation and Expansion of Telecommunications Public Services [Ley de Incorporacion de Particulares en la Operacion y Ampliacion de los Servicios Publicos de Telecomunicaciones]), was included in the law by 39 votes in favor, 25 against, and six abstentions. It reads as follows:

"If necessary to support the indemnification payment bonds [bonos de pago por indemnizacion], the Government of Nicaragua shall be able to sell an additional 10 percent of the Enitel [Nicaraguan Telecommunications Enterprise] shares in the hands of the state within a period not exceeding six months starting on date the bid is awarded, as indicated in the previous article, in the Nicaraguan Stock Exchange. The total issue of the indemnification payment bonds shall not exceed $650 million."

Workers To Get 11 Percent

The percentage of privatization already approved does not include the 11 percent that is being offered to the telecommunications institution's workers, who have started leaking that they will not accept this percentage. Adding these percentages, we realize that 62 percent of Telcor will be privatized in several phases and through different authorizations.

The second article of the law (approved by 44 votes in favor, three against, and eight abstentions) stipulates that the Enitel statutes will include the names and surnames of the people who will represent the state in the corporation, their posts, and places of residence; the corporation's objectives; the services it will render; the makeup, duties, and duration of the Board of Directors; the inventory of the goods with which the public services will be rendered; and other matters.

Article 3 of the aforementioned law, which was approved by 44 votes in favor, according to a reform presented by deputies Danilo Aguirre and Adolfo Garcia Esquivel, reads as follows: "The Enitel patrimony shall include the real estate, personal properties, assets, and liabilities that Telcor shall transfer in public deed within a period not exceeding 30 days, starting from the day this law comes into effect."

This transfer will be exempt from all types of taxes and registration fees. The transfer of this real estate, as well as the existing registrations and notes on the personal property and vehicles, will remain valid in favor of Enitel by law. The corresponding registration must make it effective by showing the corporation charter only once.

In the first debates on the issue, the plenary session established that the government will authorize the creation of the Nicaraguan Telecommunications Enterprise [Empresa Nicaraguense de Telecomunicaciones] (Enitel) as a corporation with shares owned by the State of Nicaragua. "This corporation is granted the operation of the telecommunications public services that Telcor has been operating for the time being, and it will be able to use the "Enitel" acronym for all legal and commercial purposes.

Before 2100 hours, a motion filed by deputy Mauricio Valenzuela was left pending. He proposed that the state's shares in Enitel shall never be less than 49 percent and that it will also have a special power in Enitel called a controlling interest.

Debates

Prior to the beginning of the debates on the telecommunications privatization law, Mario Malespin, president of the "Enrique Schmidt" Federation presented a proposal before the plenary related to the capitalization of Telcor claiming that it had been impossible to reach to a agreement with the government. According to Malespin, privatizing "is selling off a state-owned enterprise and capitalizing is expanding the firm's capital base."

Following the approval of the proposal to privatize, Telcor union members withdrew and Malespin, speaking before journalists, said that several deputies "had suggested that the vote had been tied to the government." The union leader refrained from disclosing the names of the deputies who made the allegation and stated that Telcor subscribers will shortly begin to feel the consequences of privatization through higher rates, and cuts of telephone service.

Malespin stated that the laws are worthless documents because when the multinational corporations decide to dismiss workers the government will back the layoffs and if not "just take a look at what is taking place in the free zone where there is no law and there are supervisors there who go around terrorizing workers."

The union leader commented that workers will never accept that shares that will come out of the privatization "because it is a government proposal aimed at blackmailing workers into becoming accessory to an irresponsible decision adopted by this government."

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Government Position

Emilio Pereira, while addressing the assembly plenum, stated that in two weeks time the workers proposal would be evaluated and added that "workers have accepted to the participation of private investment in Telcor," while he pointed out that the capitalization proposal would not solve the ownership problem.

Pereira stated that the privatization process will greatly help to solve the ownership issue, insisting on the need for a strong regulator in the telecommunications sector. He added that no Telcor worker will be laid off and that "on the contrary, when the labor guarantee guidelines have been evaluated, the plan included in the proposal greatly surpasses all of the other labor stability strategies."

Prior to the approval of the Privatization Law, deputies Roberto Urroz, Nathan Sevilla, Ramon Gamez, Juan Francisco Castillo, Luisa del Carmen Larios, Hernaldo Zuniga, Edmundo Castillo Ramirez, Noel Sanchez, Eli Altamirano and Alfredo Cesar all voiced their opinions where it was established that the majority of deputies had decided to support the privatization of telecommunications.

Telcor's Strike Goes Into Effect, Gains Support

PA2611013495 Managua BARRICADA in Spanish 22 Nov 95 pp 1, 8

[Report by Xavier Rayo Valle]

[FBIS Translated Text] The sit-down strike declared by the until now Nicaraguan Telecommunications and Postal Services Institute, Telcor, went into effect yesterday with great success. Approximately 80 percent of the institution's personnel nationwide opposed to Telcor's privatization — which has been endorsed by the government and a group of deputies — participated in the strike, said Mario Malespin, leader of the Enrique Schmidt Union.

According to a poll conducted at noon, the civic protest extended to work centers in Managua, Leon, Chinandega, Esteli, Madriz, Nueva Segovia, Chontales, Boaco, Matagalpa, and Bluefields, while the strike developed uneventfully, except for certain pressures exerted by several department heads.

Thirteen branches were operating without the personnel that operates the plants and without the remaining services offered by the company. The same situation was observed at the Nicaraguan Postal Services Enterprise [Empresa de Correos de Nicaragua], branches in 14 September, Portezuelo, Jorge Navarro, Las Palmas, Nejapa, Ticomo, NECSA [expansion unknown], and approximately 60 percent of branches in Altamira, and 40 percent in Villa Fontana.

The leaders of the two Telcor unions believe the workers were acting with class consciousness and in keeping with commitments they adopted voluntarily if the legislative branch decided to privatize this national asset. This was their answer to Minister Emilio Pereira, who downplayed strike's support.

Malespin blamed the 45 deputies who approved Telcor's sale and government officials, particularly Minister Pereira, for future rate increases, the massive dismissals of employees, and the shortage of services in poor neighborhoods as a result of Telcor's privatization.

He added that the workers have declared a national and indefinite civic strike, which has paralyzed all their activities. Workers must participate in the strike to defend their jobs due to their responsibility to society and the repercussions for the nation of the step adopted by the National Assembly.

"We will see how long we can hold up and how long the government will be able to hold up. What I can assure everyone is that this strike will affect everyone," Malespin stated. He announced: "We offered to the government, on a silver platter, a proposal to capitalize Telcor, which would have been an honorable way out of the commitment it irresponsibly assumed with the international organizations.

"We cannot work with the government or the National Assembly in a frank and patriotic atmosphere, because they make all decisions based on the individual interests of government officials, and our position is to accept neither privatization and capitalization, nor foreign participation," Malespin indicated.

He ruled out the existence of any "terrorist" action, an argument being used to tarnish the struggle of these sectors. He added that the attitude of the government and the deputies to implement actions against the country, such as their "outrageous" plan to privatize the state's most profitable company, better fits this category.

German Barrios Alvarez accused (?Telcor's) top directors of bribing some officials with salary increases, effective as of the last pay period: 1,750 cordobas for the department heads, who currently earn 6,000; 2,000 for the deputy directors, who now earn 7,000; and 3,000 for the directors, who now earn 9,000.

Late yesterday, the National Council of the Federation of Energy Workers Unions held a general assembly in which it decided to call on its rank and file to join the strike, "in light of noncompliance with the collective agreement and the privatization of the commercial

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sector of ENEL [Nicaraguan Electricity Enteprise] as of 1 January 1996."

Ronaldo Membreno, leader of FESTEN [expansion unknown], pointed out that a strike in the energy sector will be declared against Telcor's privatization and to demand their own claims. They will urge the people to support them, because privatizing Enel is tantamount to raising rates in the future.

Membreno indicated that they do not want the government to manipulate their call for a peaceful strike, and they are clear that this fight will be against the privatization of public services and in favor of national interests. Even though, Membreno did not specify when the strike will begin, BARRICADA learned it will begin tomorrow.

In addition, the union leadership of the National Cement Company, officially announced at the headquarters of FESTEN that the 500 workers of that state-run company unanimously decided to join the strike declared by the workers of Telcor and ENEL.

Security Heightened at Telcor To Prevent Sabotage

PA2511004295 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 23 Nov 95

[Report by Ligia Ruiz; from the "National Newscast"]

[FBIS Translated Text] The Army has beefed up security at Telcor [Nicaraguan Telecommunications and Postal Services Institute] installations in order to guarantee foreign communications.

Starting today, troops from the Light Infantry Brigade of the National Army will beef up security at the Telcor's terrestrial station in Nejapa, which, according to a Telcor communique, suffered an act of sabotage in telephone communications with the United States. According to military sources, security is being provided because these physical installations guarantee Nicaragua's communications with the rest of the world.

The government requested the Army to guard these facilities, given the threats from some workers who are opposed to Telcor's privatization. An Army platoon is reportedly guarding these Telcor facilities.

Labor Ministry authorities also visited this station. They began to inspect Telcor stations throughout the country. These inspections are being carried out at the request of Telcor and this was notified to labor leaders, the Labor Ministry spokesperson remarked.

The only Telcor office that has refused the inspection is the Telcor office in Somoto.

[Begin Marvin Sanchez, Telcor union leader, recording] This is a political struggle more than anything else. The Labor Ministry's declaration about the strike is not important. In fact, no strike has ever been declared legal. [end recording]

Dr. Emilio Noguera will rule next week on the legality of the strike. According to the government, only a small group of workers have joined the strike.

[Begin Finance Minister Emilio Pereira recording] Although a small group of less than (?300) workers have joined the strike, the government is ready to discuss this issue with any group to safeguard the country's best interest. What is at stake here are national interests and not [words indistinct] [end reception]

While the strike entered its second day, the discussions of the Telcor Privatization Bill continue at the National Assembly.

Panama

Reportage on Suspension of Talks on U.S. Bases

Ministry Calls Off Exploratory Talks

PA2211215695 Panama City ACAN in Spanish 2056 GMT 22 Nov 95

[FBIS Translated Text] Panama City, 22 Nov (ACAN-EFE)—RPC Radio and Television networks reported that Panama will suspend the "exploratory talks" scheduled to start here with the United States on 30 November to study the convenience of a U.S. military presence beyond the year 2000.

The source gave assurances that it had reports that Panamanian Foreign Minister Gabriel Lewis Galindo will address the nation at 1600 (2100 GMT) to broach this topic.

Likewise, RPC said that Panamanian political parties have been informed of this decision.

Former Panamanian President Guillermo Endara told ACAN-EFE that up to now the Arnulfist Party, to which he belongs and up to now is the main opposition party, has no information that this decision had been made, but reminded that he was the first to request it [suspend talks] after learning that the United States intends to charge for staying in the country.

"What on earth for, it would be political masochism to start these talks after such an announcement," Endara reiterated.

Panama and the United States have programmed to hold talks between 30 November and 1 December to analyze

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the convenience of extending the U.S. military presence in this country, which according to the Canal treaties, should conclude at midday on 31 December 1999.

Seemingly, the statements by U.S. General Richard O'Connor of the Pentagon's Southern Command based in Panama to the effect that the United States could charge for keeping soldiers in this country beyond the year 2000 is the main reason for suspending the talks, RPC said.

Foreign Minister Addresses Nation

PA2211230695 Panama City Circuito RPC Radio in Spanish 2125 GMT 22 Nov 95

[Report by Jose Garibaldi from the "RPC News" newscast]

[FBIS Translated Text] We are reporting from the Foreign Ministry, where Foreign Minister Gabriel Lewis Galindo is reporting on some details about the exploratory talks. This is Minister Galindo.

[Begin Galindo recording, in progress] .... about the possible U.S. military presence in Panama beyond the year 2,000, originally proposed to be held in Panama City on 30 November and 1 December. Nevertheless, aware of the scope of the various aspects of said relations and the need to expand and improve the consultations about various subjects, both sides have agreed to postpone such talks for a date that will be announced [words indistinct]. The meeting about trade and [words indistinct], which had been agreed upon, will indeed be held in Washington on 5 December according to schedule. Panama City, 22 November 1995. [end recording] Dear listeners, Minister Galindo has just announced the temporary suspension of the exploratory talks, which is an agreement between Panama and the United States. This is Minister Galindo, who continues to hold a news conference:

[Begin Galindo recording] [Words indistinct] the Southern Command commander and other representatives and assistants of both. I was accompanied to the meeting by the deputy foreign minister and Dr. Eloy Alfaro, who were chosen following the opinion of President Ernesto Perez Balladares, to hold exploratory talks with the United States. We had a long, frank, and friendly meeting with the U.S. officials. We presented our concern over the importance of consulting with all important sectors of the national life and the country's political leaders on the important subject of the future relations with the United States, (?which could be affected) by the possible presence of [words indistinct]. The U.S. representatives had their own concerns because, although there exists the political willingness to explore the possibility of a military presence beyond the year 2000, there was disagreement between the various forces in the Clinton administration as to how a proposal should be presented to Panama. Consequently, after talking these things over, the two sides decided to hold consultations, I with the president of the Republic, and they with Washington, about the advisability of both the U.S. ambassador and myself recommending my own personal opinion of postponing these talks. In this way, there would be time to talk among ourselves, not only about the bases, but about something of a broader nature, our relations with the United States beyond the year 2000. Since our independence, we have had unique relations with the United States. For instance, according to high U.S. officials, Panama is perhaps the country with which the United States has the highest degree of rapprochement.

I was told by a European diplomat that in today's world, this type of friendly relationship that we have with the United States is worth very much and that many small countries envy Panama's position or Panama's capacity to be able to hold a dialogue, taking into account its size, with the U.S. giant. A giant, not in ideological confrontations, because what exists in the world today, following the collapse of the Soviet empire, is a struggle to participate in the globalization of the economy. This is where we need to use our head and play an important role. We, and I refer to the administration of Dr. Ernesto Perez Balladares, have as an objective and a goal to improve conditions for Panamanians. The Foreign Relations Ministry has the honor of having been selected to carry out a series of tasks in accordance with the president's policies. For example, to oversee and watch the canal transition, which, thank God, is going very well. We are tasked with improving Panama's international image, which we believe has improved substantially, but will also improve provided we make an orderly canal transition.

[Announcer] Dear listeners, this is the news conference being held in the Foreign Ministry to disclose the momentary suspension of the exploratory talks on the stay of U.S. military bases beyond the year 2000. Please stay tuned as we will be reporting to you the information as we receive it here in RPC Radio.

Suspension 'Appropriate Decision'

PA2311001495 Panama City Circuito RPC Radio in Spanish 2200 GMT 22 Nov 95

[Report on interview with Foreign Minister Gabriel Lewis Galindo by Jose Garibaldi—passages within quotation marks are recorded]

[FBIS Translated Text] This afternoon, during a news conference, Foreign Minister Gabriel Lewis Galindo

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stated that Panama and the United States had agreed to reschedule the exploratory talks that were scheduled to take place at the end of November and aimed at assessing the likelihood of extending the presence of the U.S. military bases beyond the year 2000.

Foreign Minister Gabriel Lewis Galindo pointed out that one of the reasons why both sides had agreed to reschedule the talks may have been because Panama had not yet structured a plan with respect to the talks. Likewise, the United States may also lack a structured plan with respect to the exploratory talks related to the likelihood of extending the presence of the military following the year 2000.

The foreign minister also stated that the United States is currently undergoing a chaotic situation and it would not be opportune to pressure them at this time. He added that most likely, more important than the possible presence of the military bases beyond the year 2000, would be the relationship between the United States and Panama after that date.

In reference to the time ingredient, in other words, when the exploratory talks could take place, Lewis Galindo explained that essentially it can be said that the decision is indefinite since the United States is undergoing a somewhat chaotic situation.

[Lewis Galindo] "I believe that the time ingredient is not against us. The United States has just gone through a very chaotic situation. Do you have any idea of what it is to have a budget rejected and to have millions of workers on furlough? I believe that at this time the United States is more preoccupied with regaining control of the government and having it work efficiently. There is still a lot of uncertainty over there [word indistinct] or not. I also believe it would not be appropriate to press, at this time, for a specific date. We will see. [words indistinct] when it is convenient for the country's interests."

[Unidentified reporter] "[words indistinct] the U.S. counterpart, do you not believe would [words indistinct]"

[Lewis Galindo, interrupting] "None whatsoever. They were going to [word indistinct]. They had no proposal structured yet because they were in need of time to get their people to agree on what they consider [pauses]. Therefore, the agreement to postpone was well received by both sides. I believe it is the most sensible thing we could do at this time."

[Unidentified reporter] [words indistinct]

[Lewis Galindo] "What was that?"

[Unidentified reporter] "The agreement to postpone the talks, was it prompted by the United States not having a structured proposal?"

[Lewis Galindo] "I already explained why it took place. It took place during a meeting when both sides started talking [pauses], an interaction [pauses]. A few moments ago I asked the U.S. Embassy if they were asked who proposed the suspension, the reply they gave me was that [words indistinct] several element led both sides to believe that suspending the talks would be the most appropriate decision at this time."

Where are listening to the foreign minister pointing out that several elements have prevented the exploratory talks scheduled to take place at the end of November from coming through.

[Lewis Galindo] "... everything I have already outlined. We may have not had time to undertake sufficient consultations. The United States could suddenly say that they are not in a position to pay anything, and it would be preferable to think about what is taking place in Japan where this country is paying. In this situation it would be preferable to sit down, take it easy, evaluate the entire situation, and each side make the necessary consultations."

"Definitely, in order for us to even present a proposal to the country, for us to be able to present a proposal to the country, we have to determine that there is an economic compensation to Panama. I repeat: Regarding the words economic compensation, we have to determine how."

[Reporter] "Readdressing [words indistinct] this possibility, the Panamanian Government was analyzing [words indistinct] not the payment of a lease. What is the option?"

[Lewis] "Like I said, we are going to think about it. I am going to ask you later."

[Reporter] "Then, you have nothing tangible."

[Lewis] "Who? The government? Absolutely not. We are willing to listen to all types of suggestions in this regard, because if we have currently stopped, it is precisely to talk about this issue."

[Reporter] "Sir, [words indistinct] the exploratory talks?"

[Lewis] "What?"

[Reporter] "That these conditions..."

[Lewis, interrupting] "But if we resort to exploratory talks when the United States still does not have a consensus on what it wants, what does it want? That we tell it? Hey, we would like this. However, that is

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not the manner in which I believe our interests are best protected."

[Reporter] "[Words indistinct] despite the proposals?"

[Lewis] "Hey, what we did was to postpone these talks. The thingamabob, the talks are not significant. What I believe [words indistinct] more time for the two sides to make the necessary consultations to arrive at a table in which we will be able to understand the alternatives the two countries are proposing."

[Garibaldi] In fact, Foreign Minister Lewis pointed out that the U.S. situation, the chaotic situation through which it is currently going has prevented these exploratory talks from being held. It was the United States, basically, that requested that these negotiations do not start yet, because it lacked a structured plan to analyze the likely permanence of the military bases in the country beyond the year 2000. The United States, in light of its chaotic situation, has asked the suspension of these exploratory talks, petition to which Panama has agreed.

[Reporter] "[Words indistinct] and what will the mechanism be?"

[Lewis] "With all the political leadership. Today I requested a meeting with Doctor Ricardo Arias Calderon tomorrow. I want to talk to the leaders of the other parties, with [words indistinct]. I want to talk to the Panamenists; I want to talk to everybody."

[Reporter] "What about the business groups?"

[Lewis] "The groups, with all the country's main groups. This week I will talk to the Panama Canal workers. I believe that this work has not been done. This work requires time. It is a very delicate issue for the government, for all the Panamanians. Help me do this, you guys."

[Garibaldi] Indeed, RPC Radio listeners, these were the statements Foreign Minister Lewis made, claiming that the United States asked Panama to suspend these exploratory talks, which were supposed to start in late November, because it is currently going through certain situations that prevent it from having a formal proposal regarding these exploratory talks on the likely permanence of the military bases beyond the year 2000. He also said that the United States currently lacks a structured plan regarding this likely permanence of its military bases. This is why it asked for some time to reach certain agreements, to analyze or take into account other opinions in order to make this likely permanence of the military bases beyond the year 2000 tangible and more certain. The two parties lacked a structured plan. The United States asked Panama to suspend these exploratory talks, and we do not know when these talks will resume.

President Comments

PA2311185395 Panama City TVN Television Network in Spanish 1200 GMT 23 Nov 95

[From the "News in an Hour" newscast]

[FBIS Translated Excerpt] President Ernesto Perez Balladares spoke last night about the postponed talks on the bases with the United States and sent a message to the opposition to refresh their memories.

Perez Balladares and First Lady Dora Boyd de Perez Balladares attended the swearing-in ceremony of the new board of directors of the Democratic Council of Lawyers. [passage omitted]

President Perez Balladares, addressing those present, said:

[Begin Perez Balladares recording] I can only conceive of the exercise of government in terms of a political process in which—without emphasizing social development—we can obtain great efficiency from the economic point of view. I must note that from that point of view, the concept we have is far from the neoliberal and inhumane option implemented by the previous administration. Contrary to what they did or did not do, this government has asked everyone to participate, to work together, and to achieve an understanding with all national sectors. It has abandoned the sickly persecution for political reasons, which was what defined the previous government for many years and which this government had the courage and the determination to end. Instead of wasting time in these types of selfish domestic disputes, this government took giant steps to draft modern legislation on strategic issues dealing with telecommunications, the generation of electricity, and national education. I know that it is not necessary to remind you of this, but we have to refresh the memories of our political opponents so that they do not forget that in view of the inept demagoguery and the inaction of the previous regime, our government is conducting its specific programs based on commitments to the people and responding to their needs. The opposition continues to block and obstruct our objectives. They have to decide if they want to continue with their primitive and narrow-minded methods of understanding and conducting politics. [end recording]

The president also talked about the exploratory talks and said that the suspension of the talks was due to a lack of a unified position on the leasing of the U.S. military bases.

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[Begin Perez Balladares recording] My position, as president of the Republic, is that the only and exclusive reason for which the government would negotiate with the United States would be the economic, clear, and tangible benefits that Panama would gain in exchange for any understanding. I know that in view of this problem, there are two all-exclusive and radically opposing positions: That of those who believe that for no reason and under no circumstances should we allow a foreign military presence on our territory and that of those who think that with the withdrawal of the U.S. Army, the country will sink and Panama will become an ungovernable and anarchical country, which no one would trust. With all due respect for those who hold the two positions, I believe both are extremist, subjective positions that are not in keeping with reality.

The former are completely ignoring the strategic and political changes that have taken place in the world. Reacting perhaps in an emotional manner, they lose sight of how valuable and favorable it would be for Panama to negotiate with the United States—for the first time in our history—from an advantangeous position, a position held by virtue of the contents of the Torrijos-Carter Treaties, which specify that the year 2000 marks the end of the U.S. presence that the Hay-Buneau Varilla Treaty granted in perpetuity in 1903.

In the event that a negotiation is advisable—and according to the announcement made this afternoon, this seems to be increasingly becoming a more remote possibility—we have to take advantage of this position to establish the conditions and terms that will lead to specific and direct benefits for the Republic.

As for the second stand, that is, of those who are filled with fear because the U.S. soldiers are pulling out of our country, we must clearly tell them that throughout its history and as a result of a sorrowful accumulation of experience, Panama has shown it is capable of coming up with its own solutions, that it has sufficient political maturity and duly-trained human resources to fend for itself in a dignified manner and without requiring denigrating guidance that would take away our status as a free and independent state. [end recording]

Compensation Linked to Talks

PA2311191595 Panama City TVN Television Network in Spanish 1700 GMT 23 Nov 95

[From the "Midday News" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares met with reporters during a ceremony held by the National Mortgage Bank to hand out titles to houses in Vacamonte. The president agreed with the legislators' decision to postpone debate on the amnesty bill, which he added, should not be used for political persecution. The president also commented on the minimum wage increase, and he added that he wished it had been higher:

[Begin recording] [Perez Balladares, in progress] ...without affecting the companies, while giving them a minimum wage to ensure that each family—in which two or more people work, which is the average in Panama—is able to afford the basic family basket. I would have liked to see a higher minimum wage increase; I would like to increase it, but I think that we will accomplish this gradually. Such increases, however, must be accompanied by increases in productivity and efficiency to prevent immediate price increases.

[Reporter] [Words indistinct] salary increases for the ministers?

[Perez Balladares] I already gave you my opinion on that.

[Reporter] In today's demonstration, the workers demanded a higher minimum wage increase, because it is not commensurate to the increase granted to the ministers.

[Perez Balladares] The minimum wage affects about 30,000 workers directly and the rest of them indirectly, because other wages depend on the minimum wage. For example, workers of Sunctracs [Single National Union of Construction and Related Workers], which is holding a protest today for political reasons, do not earn the minimum wage, because they have a collective agreement and their wages are way over the minimum wage. In their next collective bargaining agreement, they will evidently try to increase their wages and benefits, because the minimum wage has increased. Thus, I think that this protest, which was held in an atmosphere of democracy and respect, is acceptable but mostly politically motivated.

[Reporter] As for the exploratory talks, is there a tentative date?

[Perez Balladares] For the time being and as long as the position that there will be no economic compensation for Panama prevails, I do not foresee a resumption in the immediate future. I think that, in the meantime, this issue should be reviewed by those who are interested in making an offer to Panama, that is, the United States. We will wait for them to propose a resumption of such talks when they feel that they have an offer that we can start to evaluate.

[Reporter] Based on a rent?

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[Perez Balladares] Based on economic benefits. Do not put words in my mouth. Based on economic benefits for the Republic of Panama.

[Reporter] [words indistinct]

[Perez Balladares] That is correct.

[Reporter] Does Panama plan to establish conditions regarding the payment should talks take place...

[Perez Balladares, interrupting] What has been evident and clear in our statements is that there must be a direct economic benefit for the Republic of Panama. I do not want to call it rent, lease, or anything else it could be called. I want to leave options open. The only reason my government would be willing to sit down to negotiate would be economic benefits. [end recording]

PCC Administrator: No Army Required To Defend Canal

PA2511234395 Panama City EL SIGLO in Spanish 25 Nov 95 p 6

[Report by Yuriela Sagel]

[FBIS Translated Text] Panama Canal Commission [PCC] Administrator Gilberto Guardia yesterday said that the Canal requires no army to guarantee its safety, because it is impossible to defend it, and its normal operation benefits all countries.

He will stay in his post until President Ernesto Perez Balladares appoints a replacement, who has not yet been named. The Canal's transition process is proceeding normally. The waterway will not disappear; quite the contrary, it will continue to operate after the year 2000, this time by an all-Panamanian staff. It will not be the PCC employees but those who work at military bases who will be affected by the transition process, because, even if the United States and Panama reach an agreement for the continued presence of some bases, they will not employ all of the local labor force they are now employing. The labor reduction will take place at the bases because the current U.S. policy is to cut military expenditures.

Guardia also said that the "exploratory talks" are a process and that the "payment of rent" prompted the two countries to discuss whether the bases' continued presence is advisable or not. An army is not necessary to defend the Canal. The waterway can only be the scene of terrorist or political actions, because the scenarios of "wars" have changed, he said.

As for the accidents that have occurred in the Canal, Guardia said that the rate is very small and that they have been controlled with no harm to the environment. The Panama Canal is a waterway with certain elements of hazard. In addition, the number of big and complex ships and the number of Panamanian pilots have increased in the past few years, he said. Finally, he said that the cause of these accidents is being investigated to accurately determine responsibility in each instance.

Column: U.S. Apparently Bankrupt, Nothing To Offer

PA2311215495 Panama City EL PANAMA AMERICA in Spanish 23 Nov 95 p 1A

[From the "Panama's Pulse" column]

[FBIS Translated Text]

Bases

The unexpected suspension of the talks that were being advanced by Panama and the United States to extend the stay of several military bases after the year 2000, has caused surprise, especially because the talks were officially scheduled to start next week. Apparently, the North Americans are really in no condition to offer anything in exchange for the bases.

Budget

We must recall that President Clinton's government was practically closed for six days because it did not have enough cash to operate. Finally, it reached an agreement with Congress that will allow it to operate until 15 December 1995. In other words, the government is practically bankrupt.

Elections

The situation is so serious that the federal government has been given a deadline, the year 2002, to reduce its expenses and balance the budget. Obviously, it is not going to achieve this if it pays for bases in foreign countries. Furthermore, in a preelectoral year that is filled with uncertainty, the United States is in no condition to negotiate commercial privileges instead of rentals.

Laila Release Pending Decision on Extradition

PA2411170895 Panama City EL PANAMA AMERICA in Spanish 24 Nov 95 p 1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Although the Criminal Branch of the Supreme Court of Justice has established a $100,000 bail for Alberto Laila, a Lebanese who became a Panamanian citizen, authorities will keep him under arrest until his extradition request filed by the United States is decided, legal sources have said.

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Laila's bail is not yet final, so his attorneys were unable to pay it yesterday. Laila is a businessman implicated in the laundering of $1.8 billion.

Laila's attorneys have also filed a motion to object to Laila's extradition.

Meanwhile, Foreign Ministry sources have revealed that U.S. authorities have not yet submitted the case file containing the evidence against Laila.

Reliable sources suggested U.S. authorities were disturbed over the bail granted to the Free Zone businessman.

The United States was given two months to complete the paperwork pertaining to Laila's extradition, beginning on 27 October.

Recently, the Court declared Laila's arrest legal, but stated that he should be tried in Panama since he is a Panamanian national.

Alberto Laila appears, together with deported citizen Israel Mordock, in a case opened in the city of New York for laundering Cali Cartel money.

The investigation against Laila and Mordock would allegedly implicate other businessmen who operate in Panama and the Free Zone.

Laila's attorneys have stated he cannot be extradited to the United States because the Constitution prevents this measure from being adopted against a Panamanian national.

Laila became a Panamanian citizen in 1990. The investigation against him began in 1992 and involves money laundering operations dating back to 1987.

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Argentina

Deputy Minister on Patent Law Dialogue With U.S.

PY2411161995 Buenos Aires TELAM in Spanish 1419 GMT 24 Nov 95

[FBIS Translated Text] Buenos Aires, 24 Nov (TELAM) — Deputy Foreign Minister Fernando Petrella today stressed that the dialogue with the United States on the Patent Law is still open and that it is becoming much more fluid.

In remarks to Radio Mitre, Petrella maintained that "the dialogue with the United States is still open and it is becoming much more fluid. With this topic (of the patents) and with other topics we have many little windows open through which we can talk."

The deputy foreign minister believes that "the Patent Law is an important topic," and although he made it clear that he is not "on the firing line of the negotiations" he believes that this topic "has become quite defined."

He confirmed that the Patent Law is one of the topics that Foreign Minister Guido Di Tella will evaluate with U.S. Ambassador James Cheek during an upcoming meeting "that cannot be held today" due to agenda problems.

Notwithstanding, he recalled that "every two weeks the ambassador (Cheek) is invited to the Foreign Ministry to exchange ideas on general matters pertaining to bilateral relations," and he mentioned "the Patent Law and cooperation in the space sector" as some of the topics that "we are going to push in order to resolve them appropriately."

Petrella was asked if he will ask Ambassador Cheek to make it clear as to whether the United States will make reprisals against Argentina if the Patent Law does not satisfy the authorities of that country.

He answered saying that although "the opinion given by (the U.S. Trade Representative Mickey) Kantor reflects the position of certain sectors of his country, this does not mean that he is necessarily pushing an unfavorable measure against Argentina."

According to some media reports, Kantor presumably expressed his country's unrest because Argentina has presumably not complied with commitments regarding the topic of patents.

Provisional Senate President Eduardo Menem on 23 November denied this when he said that "we are complying with the rules and regulations" of the GATT, and "we are members of that multilateral agreement that has also been signed by the United States."

Government To Open Tender for South Atlantic Oil

PY2711122295 Buenos Aires CLARIN in Spanish 24 Nov 95 p 18

[Report by Ana Ale]

[FBIS Translated Text] The government will open tenders in January to start exploring for oil in seven areas very close to the Malvinas Islands in an attempt to get one step ahead of the Kelpers, who are planning to conduct their own tender. This will be the first call for the participation of private capital in one of the three business in the zone. They are:

— The Argentine exploration plan (seven areas);

— The Argentine-British cooperation marine zone, and;

— The islanders call to explore to the north and south of the islands.

Projects to be developed in the cooperation stretch are still on the drawing board. They will be defined by members of a binational commission who have yet to be appointed.

The Kelpers' unilateral tender will be held in June. So far they have only specified the areas where companies can try their luck.

The Argentine offer was devised first. It is part of a plan to get local and foreign companies to seek hydrocarbons in high and medium risk zones. It covers 55,000 square km, twice that of the cooperation stretch.

Local firms suggest "an early tender will look good." It is known that Argentine and foreign companies operating in nearby zones are interested in these fields.

Local companies say an early start could be very tasty for the multinationals that are as yet unacquainted with Argentine subsoil. It is a question of costs and risks. They will probably try the Argentine exploration plan first before going east of the islands, where the Kelpers rule and there is little seismic information.

Of the three options, the Argentine plan has more geological possibilities. Two foreign companies can testify to the virtues of the region.

The French company Total has already found gas off Ushuaia, which it is exploiting with the local company Bridas and the German company Deminex. The Chilean Enap [National Petroleum Enterprise] company is cooperating with YPF [Government Oil Deposits] to extract oil from the Magellan Strait.

Energy Under Secretary Alfredo Mirkin told CLARIN he wants "to open the tender as soon as possible," if the Foreign Ministry agrees. The results will be known

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at the end of January when the energy department decides on those fields and because dozens of blocks are included.

The fields included in the Argentine plan will be available to interested parties during the last days of each odd month. About 100 fields can still be offered for concessions, of which 60 have already been given to private companies over the past two years since the plan began.

The only requisite for participating is that a company must conduct a number of exploratory tasks. The winner will be the party that proposes the largest number of seismic lines and wells in the shortest time.

The seven sea areas stretch from Santa Cruz to Tierra del Fuego. They are not part of the area disputed with Great Britain, although their future was tied to diplomatic negotiations. An offer was made to private companies during the most conflictive stages, but the offer was withdrawn during the negotiations.

The transfer of these areas to private companies will not make profit, tariffs, or any special payment to the Treasury. These companies will not pay anything if they find oil or gas, except for the taxes common to any activity. Even better, companies can freely decide what to do with whatever they find — export it or sell it locally.

Brazil

Further Reportage on Sivam Affair, Wiretapping

Officials Attack Sivam Rapporteur

PY2411221295 Sao Paulo GAZETA MERCANTIL in Portuguese 22 Nov 95 p A8

[Report by Sandra Nascimento in Brasilia]

[FBIS Translated Text] Suspected of having vested interests in the Sivam [Amazon Region Surveillance System] process, Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas] — who is the rapporteur of the bill — has become the target of attacks by representatives of the government and opposition alike. Miranda's decision to make an early presentation of his report yesterday has compounded his already serious situation.

The main charge raised against Miranda is that he has changed his opinion because he had earlier supported the contract signed with Raytheon. A political leader close to Planalto Palace said: "Ten days ago he visited President Fernando Henrique Cardoso and asked him to broaden Raytheon's role in the project. I do not know why Miranda has changed his mind." The same doubt is haunting Senator Esperidiao Amin (SC) [Santa Catarina], leader of the PPB [Brazilian Progressive Party] in the Senate.

Senator Eduardo Suplicy, Workers Party (SP) [Sao Paulo], raised doubts about the fortune amassed by Miranda over a short time span. In two decades, Miranda built a fortune that has been estimated at 500 million reals. Visibly nervous, Miranda said: "I have built my fortune by working since I was six years old." Miranda added that he is going to take Suplicy to court because he feels he has been offended.

Miranda, who is now 49, was born in Sao Jose do Rio Preto, in the interior of Sao Paulo State. He worked as a swimming instructor in Brasilia, where he met former President Fernando Collor de Mello. Sen. Miranda is a brother of Egberto Baptista, former reginal development secretary during the Collor administration. He worked as an attorney in the Manaus Free Zone, and with $10,000 he started a partnership with multinational companies like Xerox, Mitsubishi, IBM, and Olivetti.

Miranda was elected to the Senate as an alternate to Senator Amazonino Mendes and has served as chairman of the Senate Economic Affaitrs Committee, one of the most powerful committees in the Senate.

Justice Ministry Adviser on Tapping

PY2411164695 Rio de Janeiro O GLOBO in Portuguese 23 Nov 95 p 5

[FBIS Translated Text] Brasilia — Federal Attorney Gilmar Mendes, one of the main advisers to Justice Minister Nelson Jobim, on 22 November admitted that illegal phone tapping continues to operate at full capacity. Mendes said those schemes are part of a parallel power structure that, although easily recognizable, is difficult to dismantle.

"We frequently see people on the streets and we know who they are and what they are doing. We are certain that they continue with their activities," said Mendes, who is a Justice Ministry legal adviser.

In the opinion of Mendes, the parallel structure might have infiltrated the government and it is out of government control. Mendes said phone tapping is common practice for example, in the intelligence services of military ministries. He added that the old members of the National Intelligence Service (SNI) are still on duty. He said there are reports — which he said were published by the press — noting that the Aeronautics Ministry was aware of the tapping of Julio Cesar Gomes dos Santos' phone.

Concerned about the repercussions of the tapping of the phones of the former Planalto Palace protocol chief,

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Mendes emphasized that he was not aware of the tapping until it was reported by the press.

"At least I was not aware. I believe Nelson (Jobim) was not aware either," Mendes said.

Mendes agrees with the Supreme Court, which has already stated that breaking the privacy of a telephone conversation is unconstitutional. He deplored that Congress has not yet voted on the supplemental law that regulates phone tapping, which is required by the Constitution. He emphasized that one of the first actions by Justice Minister Nelson Jobim upon assuming the post of minister was to submit to Congress a bill regulating the subject.

Incra President Denies Involvement

PY2411221095 Sao Paulo AGENCIA ESTADO in Portuguese 1531 GMT 24 Nov 95

[FBIS Translated Text] Brasilia, 24 Nov (AE) — Incra [National Land Reform and Settlement Institute] President Francisco Graziano is about to depart for the interior of Para State. He has issued a communique explaining the telephone wiretapping case in the house of Ambassador Julio Cesar Gomes dos Santos, which reads as follows:

"Just as the justice minister said, on 9 November I informed the president of the Republic about the Federal Police report summarizing the telephone eavesdropping in the house of Ambassador Julio Cesar Gomes dos Santos. I had received this document on that same day from the hands of my adviser at the Incra, Paulo Chellotti, who in turn obtained it from the Federal Police, for whom he also works.

"My loyalty toward President Fernando Henrique Cardoso made me receive a document that seriously affected the integrity of his close adviser. Knowing this serious suspicion, I acted quickly: I immediately sought out the president of the Republic and informed him about the facts.

"This summarizes my participation in this regrettable episode. I completely ignored the existence of the telephone wiretapping. I never ordered or authorized any investigation of that kind, mainly because I have no authority to do so.

"The public must know that I only received a report that raised serious suspicions regarding the ambassador, and therefore I immediately complied with my duty of giving it to the appropriate person.

"I am convinced that I acted correctly and according to the public interest."

Police Director Given Time To Answer

PY2411231295 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 24 Nov 95

[Report by Jorge Vanburg at AGENCIA BRASIL offices]

[FBIS Translated Text] Justice Minister Nelson Jobim has postponed until 1100 on 27 November the deadline for Federal Police [PF] Director Vicente Chellotti to answer the questionnaire on phone tapping at the home of the former chief of protocol of Planalto Palace, Ambassador Julio Cesar Gomes dos Santos. The questionnaire consists of eight questions seeking to clarify the reasons why the PF wiretapped Ambassador dos Santos' phone.

Francisco Graziano, president of the National Land Reform and Settlement Institute [Incra], released a communique clarifying his participation in the episode. According to Graziano, he handed the PF report summarizing the phone recording to President Fernando Henrique Cardoso. It adds that he had received the document from his aid Paulo Chellotti, who is a PF agent. Graziano denied, however, having had any other type of participation in the episode or having ordered it.

[Sao Paulo AGENCIA ESTADO in Portuguese at 2133 GMT on 24 November, in a related report, adds: "PF Director Chellotti deemed that his brother Paulo Chellotti's decision to hand the recording to Incra President Graziano was a 'serious act of indiscipline,'" and that "according to PF rules and the Public Servants Statute, Paulo Chelotti could be admonished or even dismissed." The report ends by adding: "The PF director is waiting for his brother to reveal the names of the agents who handed him the recordings."]

Science Minister Defends Sivam Project

PY2511003195 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 24 Nov 95

[FBIS Translated Text] Science and Technology Minister Israel Vargas has defended the Amazon Region Surveillance System. According to him, the project is very important for the Northern Region.

[Begin Vargas recording] It is a good project. The Science and Technology Ministry, like all other government institutions devoted to the technical area, participates in this project. We participate in it through the National Institute of Space Research. [end recording]

Minister Vargas today signed an accord with IBM to develop technological and scientific projects. IBM has already invested $85 million in such projects in the last two years.

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Editorial Urges Project Transparency

PY2511015695 Sao Paulo GAZETA MERCANTIL in Portuguese 21 Nov 95 p A4

[Editorial: "Transparency in the Sivam Installation"]

[FBIS Translated Text] Even if a Congressional Investigative Committee (CPI) is created to investigate the contract between the Brazilian Government and the U.S. company Raytheon for the installation of the Amazon Region Surveillance System (Sivam), it is the administration's duty to give clear explanations to the public. President Fernando Henrique Cardoso acted firmly by immediately demanding the resignations of Planalto Palace Chief of Protocol Ambassador Julio Cesar Gomes dos Santos and Aeronautics Minister Mauro Gandra as soon as he learned about the behavior of these two high-ranking officials. However, in face of the controversy created around such an important project like the Sivam, it is necessary that it be free from any doubt of its importance for the country and of its associated contract and execution.

Perhaps it is advisable to call for an international bid to implement the project within a framework of more transparency, which is something that thus far has not prevailed. As can be recalled, former President Itamar Franco decided not to call for a bid, as he maintained that the collection of data, surveillance, and control of the air space of the Amazon region is a matter of national security. According to the initial project, a Brazilian company called ESCA [Automation and Control Systems Engineering] was to administer the project so as to guarantee that Brazil would master this specific technology. The company that would supply the equipment, and receive the greatest part of the $1.4 billion loan granted by the U.S. Eximbank, is Raytheon. ESCA, however, was disqualified for not paying its contributions to the social security system.

The Brazilian administration then proposed to the Senate — which had already approved the loan — changes to the resolutions on the Sivam so as to exclude ESCA and replace it with a team of Aeronautics Ministry experts. The contract is at a standstill because of renewed resistance encountered in the Senate, and the nonuse of the credit placed at the disposal of the Brazilian Government has cost Brazil $6 million this year.

It is also important to point out that shortly after Raytheon's name was announced, an executive from the French company Thomson, which also qualified for the bid that did not take place, testified in the Chamber of Deputies that Thomson would charge $600 million, a lower price than that charged by Raytheon.

We cannot tell which of the systems offered by the two companies was more appropriate or if either of them had technological innovations capable of justifying the alleged price difference. All that could be verified was the lack of a deeper debate on the project. In a case like this, notable experts from official technological foundations and private institutions should have been consulted beforehand, in order to give the public a better view of the requisites for the execution of one of the greatest projects to be installed in the entire world in the last few years of this century.

The undeniable fact is that the granting of the contract to Raytheon is of great interest for the U.S. Government, just as it would be for France if Thomson had been chosen. This demonstrates that for diplomatic reasons, the best method would have been to call for a public bid, rather than making a decision within a restricted circle. It has even been said that the Brazilian Government had favored Raytheon in exchange for the purchase, by the U.S. Air Force, of Super Tucano airplanes manufactured by Embraer [Brazilian Aeronautics Company]. This operation ultimately did not take place. There is nothing more naive than to believe in reciprocity. Brazil is as free as the United States to grant contracts according to its interests. The difference, in this case, is that the bid in the United States to purchase airplanes was made in a transparent manner.

We want to reiterate that we consider the Sivam project of strategic importance for Brazil. It must be implemented urgently to effectively combat drug trafficking and smuggling, to control air traffic, and to bring security to a large region of the country. However, we are convinced that it is not necessary to use methods that have been superseded by the progress attained at the political and institutional level. The Sivam is a matter of national security that is not and should not be a taboo subject for Brazilian society.

Cardoso's 'Vulnerability' Viewed

PY2411150195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Nov 95 p A7

[By Jorge Casado: "Vulnerable President"]

[FBIS Translated Text] There is a mystery at Planalto Palace: What was the real reason, and who gave the order, for tapping the phone of Protocol Chief Julio Cesar Santos, a member of President Fernando Henrique Cardoso's intimate circle?

Officially, the tapping began at federal police facilities on 30 August, with a judicial branch authorization that was obtained in 48 hours. The tapping lasted until 1 September. The police emphasized that the reports with

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the transcription of the conversations were concluded on 2 October.

That is, one month passed between the end of the tapping in the PSDB [Brazilian Social Democracy Party] nest and the transcription of the tapes. According to the police report, two weeks passed between the conclusion of the operation and the presentation of the report to Planalto Palace.

The presidential communiques, however, are clear and incisive: It was only on 7 November that Cardoso learned about the tapping of the phone of the official who chose his suits and took care of his socks. That is, exactly 35 days after the transcription of the conversations. It has been suggested that not even Justice Minister Nelson Jobim was aware of what was happening at Federal Police facilities, a public institution for which he is directly responsible.

According to the official communique, the president — in addition to having given no orders for the tapping — was as much concerned about the tapping as he was about the contents of the tapes, which revealed an alleged dirty deal over a $1.4 billion contract for assembling a radar network in the Amazon region, the Sivam network. The president rapidly dismissed his assistant and obtained the resignation of the Aeronautics Minister.

Everything was fine, except for the main factor, which is the president's role. The official communique disclosed his vulnerability, in the center of a government which has proven to have no real control of its inside structure, contrary to what the government has claimed for 10 months and 22 days.

The police communique, which is unofficial, suggests exactly the opposite, that the president was aware of everything since the middle of October. The report suggests that Cardoso was in full control of the preparation of a stage set — a government crisis with the dismissal of an assistant and, thereafter, that of the Aeronautics Minister.

The two communiques reveal both an underlying truth and an uncovered situation. Since in this case the number of government contradictions is far larger than usual, it might be advantageous — for the time being — to analyze the situation that gave official status to the case. This situation is more than sufficient for provoking perplexity: The president is fully vulnerable. He might be unaware of what is happening in his next door office, and much less in the government cellar.

Sivam, one of this year's largest business deals, is at the epicenter of the crisis. It is a $1.4 billion contract for a strategic project for controlling borders in 50 percent of Brazilian territory, a contract that is at stake. There is a dispute over the business deal in which the U.S. President became directly involved and in which two enterprises (Raytheon and Thomson), and the U.S. and French intelligence services, engaged in a direct confrontation.

Lower-level interested parties, engaged in a competition in which all methods are valid, include local contractors and their lobbyists, who are striving for a $150 million slice in civil works. Under the current circumstances, this amount is not bad at all, as Jose Mauricio Bicalho — a lobbyist for the Andrade Gutierrez enterprise — said to former Protocol Chief Julio Cesar Santos at a family lunch on the border between Belgium and France. Actually, this amount is — for example — 50 percent higher than the amount that Andrade Gutierrez received from Eletronorte [Northern Brazilian Electric Power Plants, Inc.] last month. Andrade Gutierrez managed to get paid before others who were ahead of him in line in front of the state-run cashier. This situation caused a noisy protest from the others, prompting a secret investigation at the Mines and Energy Ministry.

Within the government, military chiefs are engaged in a dispute, in a crucial battle for what they consider a real source of power for the future: control over a technological system that can produce — in the long term — radical changes in the Brazilian military structure, like the Air Force displacing the Army from its traditional position of influence on the Armed Forces.

It was in this setting that, three weeks before the deadline set by the U.S. Eximbank contract for financing Sivam, the president was surprised — according to the official communique — by suspicions raised by a phone-bugging operation for which no one has assumed responsibility. The operation was allegedly implemented on the basis of an anonymous report, and it was designed to deceive the judge who authorized it. This judge now claims that the police "betrayed" him.

The damage has far surpassed the political impact of the dismissal of the presidential assistant and the Aeronautics Minister. The repercussions reveal that the government is practically in a schizophrenic state, in light of suspicions and contradictions, of a Presidency that is unprotected and that is vulnerable to the mischief carried out in the government cellar. For the Fernando Henrique Cardoso government, the unveiling of the mystery prevailing at Planalto Palace would enable it to take control of the crisis that has been unleashed. It is necessary, and even vital to know where and how a crisis of this magnitude began. If nothing else, because as recent history teaches us, the outcome of those crises is always unpredictable.

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Editorial on Sivam 'Irregularities'

PY2411231595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Nov 95 p 8

[Editorial: "A Complete Investigation"]

[FBIS Translated Text] The provisional contract signed by Raytheon and the Brazilian Government on 25 May establishes that it can be rescinded, and that it will not bind either side if it is not enforced within 180 days. The deadline expires today. Today Congress will decide whether it will authorize a proposal to finance the Amazon Region Surveillance System (Sivam). The proposal was made by Eximbank (U.S. foreign trade promotion agency) and by the project suppliers, which are the Swedish concern EKM and Raytheon itself, for a total of $1.3 billion. Congress, which has to preserve the nation, cannot endorse a process that has been marked by so many irregularities.

Beyond all doubt, the best solution would be to open an appropriate investigation by a special congressional commitee, comprised of lawmakers who are above suspicion. This is not a case for CPI's [Congressional Investigative Committee] that o- ate for an absurdly long period without results, an that only serve as a banner for opposition members who have nothing to talk about.

Such an important subject cannot be put in the hands of a rapporteur — Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas] — who has awakened serious suspicions of trying to obtain benefits for himself and for groups that are linked with him. He is also suspected of accelerating or delaying his report because of suspicious meetings and mysterious investigations made abroad.

As is known, Senator Gilberto Miranda was mentioned in a bugged telephone conversation between former Planalto Palace Protocol Chief Julio Cesar Gomes dos Santos and Jose Afonso Assumpcao, Raytheon representative in Brazil. Miranda was mentioned as a person who was causing difficulties in order to later sell facilities. Gomes dos Santos even asked Assumpcao whether he already made some payments to Miranda.

The only thing Senator Miranda could say to defend himself was nonsensical: "I am a rich person who needs no tips." He said this as if people who are not rich (like he himself before becoming the satrap of the duty-free zone) should necessarily receive payments in order to become rich.

Neither the recorded tapes or dismissals, nor the improvement of the process of contracting, however, have undermined the need to install an improved telecommunications and monitoring network in the Amazon region, through fixed and mobile radars, satellites and planes with sensors or any other modern system.

JORNAL DO BRASIL reasserts the importance of maintaining strict control over air traffic in the Amazon region, detecting possible air and land traffic invasions in the region, monitoring movements of drug traffickers and smugglers, collecting collect data on mineral resources, and guaranteeing the supervision of Indian areas and animal preserves.

This indeed involves the effective possession of a territory of 5 million sq km, with unprotected, vulnerable borders, in which there can be burnings and forest destruction, and in which there are only 16.6 million people, concentrated especially in urban areas.

On the external front, Sivam is the best answer to extravagant positions like that of internationalization of the Amazon region. On the internal front, the project entails the possibility of stronger government action in the region, discouraging the operation of illegal airstrips in that large region, because the few radars operating in the region cannot detect the small planes used by drug traffickers and by illegal, depredating prospectors for gold.

Sivam is part of a broader project for integration of the Amazon region into Brazil, known as Sipam (Amazon Region Protection System), which involves the Armed Forces, the Strategic Affairs Secretariat, the Federal Police, the Ministry of Water Resources and Environment, and Funai [National Indian Foundation].

Sivam is the first part of a program of support for the region, with rational settlement areas, creation of jobs, schools and hospitals. This is much better than putting the project in the hands of unscrupulous negotiators, notorious smugglers, and corrupt lawmakers.

The Sivam project was very well designed from a technical viewpoint. Brigadier Lelio Lobo, the then aeronautics minister (who has reassumed the post), and Admiral Mario Cesar Flores, the then strategic affairs secretary, were thoroughly interrogated on the subject in the Senate.

By all means, the Sivam project is too important to be left in the hands of Gilberto Miranda.

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Column: Planalto Palace 'Nest of Serpents'

PY2411131395 Rio de Janeiro O GLOBO in Portuguese 23 Nov 95 p 2

[From Tereza Cruvinel's "Political Outlook" column: "Loose Serpents"]

[FBIS Translated Text] Two things explain to a great extent the episode on telephone wiretapping, which was apparently ordered by Planalto Palace officials to harm other Planalto Palace officials. First. The fact that Planalto Palace has become a nest of serpents noxiously fighting for power. Second. The administration's carelessness with the intelligence field. By not creating an intelligence agency to look after this kind of investigations, the administration has left the "spies" loose, therefore allowing them to rent their services to different power groups. Such arguments were pointed out by several sensible congressmen. Let us analyze the two aspects.

1. The "spies" — Getulio Vargas (twice Brazilian president, 1930-1945 and 1951-1954) created the Special Police. The military regime mounted the SNI [National Intelligence Service] with members from the Armed Forces. Sarney disciplined it and maintained it. Collor dissolved it. In its place he created the Strategic Affairs Secretariat (SAE) which he entrusted to his friend Pedro Paulo Leoni who, in turn, dedicated himself to businesses. The "spies" knocked him down and afterward they helped topple Collor and PC Farias. Itamar Franco did not touch this structure. When Cardoso came to power he restructured the SAE, delegating it to strategic planning. He entrusted the SAE to a talented diplomat: Ambassador Ronaldo Sardenberg, who accepted the strategic task but refused to command the intelligence service. Cardoso then thought of creating a specific secretariat, but he never did. From the administrative point of view, the "spies" and the structure of the former SNI are subject to Secretary General of the Presidency Eduardo Jorge, but operationally they continue on their own. In turn, the "spies" are divided into two groups that hate each other. If the administration had its own intelligence agency perhaps no one would resort on his own to the Federal Police, which legalized telephone wiretappings by deceiving a judge.

2. The nest of serpents — It has been known for some time already that the Planalto Palace people have entered into a self- devouring stage and that their attempts to trip each other have become part of their daily routine. Ambassador Julio Cesar Gomes dos Santos has managed to gather the greatest collection of enemies. The most remarkable one, INCRA [National Land Reform and Settlement Institute] President Francisco Graziano, who until recently was presidential secretary, continues to be the biggest suspect for ordering the telephone wiretapping. But everybody is pulling the rug out from under each other: Gomes dos Santos, Graziano, Eduardo Jorge, Civilian Household Chief Clovis Carvalho, and Military Household Chief General Fernando Cardoso. Communications Minister Sergio Motta has been saying for some time that the Planalto Palace structure should be changed. Cardoso has not allowed any aide to consolidate himself as his second in command. Cardoso has become the last instance of everything. Clovis Carvalho had been considered his "second man" but he never managed to really occupy that position. The result is that instead of forming a team, the president gathered a group of competitors in Planalto Palace. However, it was always thought that Sergio Motta said that because it was thought that he wanted to go there.

The serpents and the "spies" joined and wiretapped the telephone. However, why did they let the conversation leak to ISTOE magazine? Perhaps they did not like to see Gomes dos Santos being dismissed from Planalto Palace with a nomination to ambassador in Mexico. By now it is thought that there is a connection with the enemies of the Sivam [Amazon Region Surveillance System]. Who knows? Power makes people crazy.

Chile

President Urges Leaders To Abandon 'Inflexible' Stances

PY2411131595 Santiago EL MERCURIO in Spanish 22 Nov 95 p C3

[By special correspondent Maria Jose Errazuriz]

[FBIS Translated Excerpt] Manila — In what may be described as his last appeal to Chilean political parties before the Senate votes on his national reconciliation proposal, President Eduardo Frei requested here today all national leaders "to make a supreme effort to abandon inflexible positions."

He also defended the ethical and moral principles of the human rights bill agreed with National Renewal [RN] by saying that "no one can question the principles and values that inspire our administration."

Frei said: "I want to stress that the achievement of an agreement is vital for the destiny of our country."

The appeal that the chief of state made before 2,000 people attending the Christian Democratic International seminar in Manila received the backing of Chilean legislators who are accompanying him on this Asian tour.

The legislators said they are convinced all political parties represented in Congress do not question the

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ethical content of the bill despite the fact that Socialist Party [PS] leaders continue to uphold their different views.

During his second day in the Philippines, Frei urged political leaders to act with complete openness, responsibility, and efficiency to respond to the people's needs.

Frei defended this proposal both at the seminar on "Economy With a Humane Outlook: The Emerging Economic Structures in the Asia-Pacific Region," and during a ceremony held at the Santo Tomas University during which he received an Honoris Cause degree in political science.

During the opening of a political leaders meeting that was also attended by Philippine President Fidel Ramos, Frei extensively referred to the role that politicians play in achieving development and social progress in all countries.

In his speech, Frei stated that humanity cannot rely solely on the efforts of politicians to build more prosperous societies because the path is not easy and it demands a lot of perseverance.

Referring to problems caused by exacerbated nationalism, xenophobia, and racism in several parts of the world, Frei said that "it is precisely during these times when the consciousness of humanists must be more alert than ever and their demands for action become more imperative."

He also asserted that he is convinced that government, political, and social leaders must be convinced that their work must seek the ultimate objective of achieving dignity for their nations, and that to do this political confrontations must be rejected.

He said: "Today we need something very different and simple: to have honest leaders with the capacity to serve who are able to generate important agreements so that a country may go forward."

Frei said that it is on this basis that democracy will flourish and grow and he also reasserted the need to dignify politics. He stated: "Politics is a collective undertaking that demands courage, conviction, and knowledge. In view of this, the establishment and the renewal of political parties constitutes a major contribution to the consolidation of democracy."

President Frei dedicated important paragraphs of his speech to the need to establish a fair state, eradicate poverty, reform education and open international markets as a means to promote socioeconomic development. [passage omitted]

Pinochet Warns Armed Forces on Political Exploitation

PY2311144795 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 23 Nov 95

[FBIS Translated Text] Army Commander Augusto Pinochet last night warned the Armed Forces to be alert to avoid being politically exploited. General Pinochet made this statement at a dinner held in his honor on the occasion of his upcoming birthday.

[Begin recording] [Unidentified reporter] Eighty-four generals and admirals attended a solemn ceremony hosted by Navy Commander Jorge Martinez Busch that was held in honor of Gen. Augusto Pinochet, who will turn 80 soon.

In his speech, the Navy commander stressed the Armed Forces support for Gen. Pinochet.

[Martinez Busch] You are undoubtedly identified with what the Army is and will be in the future for generating those essential links that will be passed down in history, which is what really matters. In view of this, Mr. Captain General of the Army, you have won a distinctive and outstanding place in Chilean history.

[Reporter] Gen. Pinochet expressed thanks for these words and said that the Armed Forces must be suspicious of those who want to alter the concepts and principles that guide them.

[Pinochet, in progress] ...In addition to compelling the Armed Forces and Forces of Order to eradicate all possibilities of politicization, these prospects should also make them redouble their efforts to avoid being politically exploited.

We are aware that there are national and international ideological and political interests which seek to achieve this objective. They have strived to do this many times in the past and they will do so in the future with the purpose of disrupting our unity. They have also centered their efforts to either neutralize us, decrease our influence, and even destroy us. [end recording]

Colombia

President Asks Armed Forces For 'Enhanced Presence'

PA2411192495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 24 Nov 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] These are the statements made by Colombian President Ernesto Samper asking the

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Armed Forces for an enhanced presence, more efficiency in defending national sovereignty, and improvements to intelligence programs.

[Begin Samper recording] We do not want any part of the territory of the Republic of Colombia to exist without the military presence of the Colombian state. We are going to recover, at whatever cost, the Colombian state's legitimate monopoly of force, so that people will not go brandishing weapons around and taking justice into their own hands. Instead we must make a reality of the constitutional precept that force is a monopoly which corresponds to the state, so that it can exercise it in a legal manner.

Third, in reference to the above, which is the legitimate use of force, we have been promoting the human rights policy among the Armed Forces. The presence of human rights offices in the principal military garrisons, the teaching of respect of human rights in all military garrisons, the development of the concept of humanization of the war, according to which we are going to make whatever efforts are necessary to at least spare innocent people of the disasters of war, are part of that concept we want the military forces to bear in mind. The Armed Forces must respect the basis of human rights, so that as a public force, they will recognize our legitimate right to impose force. [end recording]

Prosecutor General Urges Renewed Ties With U.S.

PA2511004795 Caracas EL NACIONAL in Spanish 23 Nov 95 p A2

[Report by Gioconda Soto]

[FBIS Translated Text] Colombian Prosecutor General Alfonso Valdivieso yesterday said that Colombia should reconstruct its fractured relations with the United States because in the struggle against drug trafficking the only way is through cooperation and understanding. "Colombia understands—and in this the country finds a positive response in the United States—that it should reconstruct these relations, which are somewhat fractured," Valdivieso said yesterday during a news conference at a Santa Fe de Bogota hotel. He said that, from an institutional viewpoint, the relations between Colombia and the United States should be "completely smooth."

The tension between the two countries started several months ago, when Colombian Government officials accused DEA of attempting to destabilize the government of President Ernesto Samper.

Yesterday, Valdivieso closed the first national congress on the drug problem, organized by the Central University of Venezuela. In his speech, Valdivieso said that democracy is threatened when drug trafficking influences politics. He recommended the area countries to learn the lesson of his country, so they can avoid "falling into the hands of organized crime" and prevent "more deaths and further violence."

He flatly opposed the legalization of drugs, saying this would be "such a simplistic alternative that I have never even considered it. Legalizing the use of drugs is the equivalent of succumbing to a threat, surrendering to organized crime." He thinks the disappearance of the visible heads of his country's drug cartels, because they are either dead or in prison, does not mean the end of drug trafficking and, for this reason, the situation could become even worse in five years.

He urged alertness for whatever might happen in the business of drug trafficking after the aggressive drive that the government launched against the drug cartels. He warned: "The effects of drugs are not limited to a single context or country. The Colombian Government has never acted in such a way as to prompt poppy growers to move to Venezuelan territory."

He described as fundamental the role that the administration of justice plays against drug traffic and that this role is decisive in cutting off any possible links between drugs and the society, links that are expressed in various aspects. "The social breakdown caused by drug trafficking is very clear. It is necessary to act very firmly against drug traffic."

To explain the perverse consequences of drug traffic, he said that the chain "starts with consumption and trafficking and ends up controlling state powers and amending laws with the intent of seizing power and creating a multinational network of organized crime which undermines the safety of Latin American societies."

In addition, Valdivieso, who will return to Santa Fe de Bogota tomorrow, ruled out the possibility of the institution he heads being responsible for the country's current political crisis. "Keep your eyes wide open. The Prosecutor General's Office has not caused the crisis. The crisis already existed. The office probably disclosed it and will probably help solve it," he said.

Prosecutor General Interviewed on 'Case 8000'

PA2511191995 Caracas EL NACIONAL in Spanish 24 Nov 95 p A2

[Interview with Prosecutor General Alfonso Valdivieso Sarmiento by EL NACIONAL reporter Jose Vicente Ponce in Caracas, Venezuela; date not given]

[FBIS Translated Text] During 1995, Alfonso Valdivieso has become the man of the hour in Colombia. Activities carried out by the Office of the Prosecutor

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General, which he heads, to untangle the web surrounding Case 8000, keeps him at the top of the pot, with a popularity rating which, most surely, must be the envy of President Ernesto Samper. Nevertheless, popularity has its drawbacks, including the scores of bodyguards, even several Venezuelans, who accompanied him during his three day visit to the country. Valdivieso refrains from speculating on how much longer he will remain in office, and resists any attempt to make assumptions with respect to the future. Currently, from the prosecutor's office where he oversees the eye of the hurricane, in addition to the hundreds of affidavits on drug trafficking financing Sampers' election campaign, he must also remain attentive to the process involving the return of stolen vehicles to Venezuela, as well as attempt to tie up loose ends in the murder case of [Alvaro] Gomez Hurtado.

[Ponce] Two days ago, two Colombian prosecutors who travelled to the United States to speak with former Cali Cartel comptroller Guillermo Pallomari told the Colombian press that his deposition supports statements by Samper's former campaign treasurer Santiago Medina. In what manner will the affinity between these two depositions affect Case 8000?

[Valdivieso] The problem lies in that all the information that has been gathered in inquiries, testimonies, and versions, are all part of summary confidentiality. Unfortunately, there has been so much speculation surrounding the issue that we at the prosecutor's office could not violate summary confidentiality even if it was intended to corroborate any information.

[Ponce] However, supposing that everything is confirmed, what then?

[Valdivieso] Well, we will have another point of reference—a sort of corroboration that will steer the investigator. We will have to wait to reach a stage we believe is close enough to conclude the investigation. Afterward, we would have to classify it, which we believe is a phase that will take a short period of time. In other words, if we believe that there is sufficient evidence to file charges, we will go to a trial phase, and if not, we will conclude the investigation. We expect the process to end sometime this year.

[Ponce] What about the classification?

[Valdivieso] The classification means that once closed there will be no further investigation. What was investigated was clearly outlined, at least up until that moment, and from those elements the prosecutor can choose to arrange a trial. If, based on the evidence gathered, the prosecutor believes that there is indication that an individual is guilty, then he can file charges. This means that, at this point, the Office of the Prosecutor has sufficient reason to call for a trial. If there is no evidence against an individual, then the case precludes, and the investigation phase concludes there. If there is no trial, the prosecutor's office can provide evidence.

[Ponce] The Chamber of Representatives Accusation Commission also has to express an opinion very soon concerning the opening, or the shelving of any trial against the president?

[Valdivieso] The prosecutor's office forwards all evidence it deems relevant to the commission. This commission is authorized to evaluate whether or not to open a case.

[Ponce] If the commission says no, then how far will the prosecutor's office proceed?

[Valdivieso] No, we have never investigated the president.

[Ponce] That is clear, but if the commission rules out opening an investigation against Samper, how far will your office go?

[Valdivieso] We plan to continue with the investigation because, from the legal process point of view, it is really not related. In other words, from the legal point of view, whatever decision the Accusation Commission adopts will not affect this process. In fact, it may be that a situation of uncertainty may arise since we would have the commission declaring innocence, and the prosecutor's office would continue investigating other people linked to the campaign. That is precisely what a penal process is all about. It is not only about establishing a few facts. Which ones? That drug trafficking funded the campaign. Well, that is a fact, and it may have been established. I dared not attest to it up until now, and it does not agree with me to do it. However, in addition, the penal process tends to establish who was responsible for the facts. If the Chamber of Representatives says that the president is not responsible, then that means that there are no other individuals responsible.

[Ponce] Were there any indications that drug trafficking also financed Conservative Party candidate Andres Pastrana's campaign?

[Valdivieso] No, nevertheless, preliminary investigations have begun on Andres Pastrana's campaign.

[Ponce] How did these investigations begin?

[Valdivieso] By trying to establish if the amounts declared to the National Electoral Council were really not underestimated. In other words, determine if there

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was excess money that was not listed, and establish the characteristics of the differences.

[Ponce] Could they have engaged in what is called falsifying documents?

[Valdivieso] Yes, that crime could have been committed. But provided the origin of the difference could be explained. First, it must be established whether there is a difference in what was registered and what really was spent; second, establish how this difference is made up.

[Ponce] Are you empowered to investigate previous campaigns?

[Valdivieso] Yes. This is possible if they are not time restricted. The problem is that, if one thinks about the topic of drug trafficking and its link with public activity, one has to truly admit that in most of these cases no trace is left. What is interesting in this case (Case 8000) is the fact that these elements have surfaced.

[Ponce] Why was Santiago Medina allowed house arrest?

[Valdivieso] Because he opted to surrender to the justice system in exchange for collaboration. The Prosecutor General's Office evaluated the case and agreed to grant these benefits because they considered, at this stage of the investigation, he [Medina] had contributed and collaborated adequately with justice.

[Ponce] In other words, if the Rodriguez Orejuela were to collaborate...

[Valdivieso] Of course. They have a right to request benefits in exchange for collaboration. The Prosecutor General's Office appoints a prosecutor to evaluate the collaboration and propose certain benefits and then reach an agreement. Now, all that is subject to approval by the judge. In Medina's case, it is in what is called legal control.

[Ponce] In any event, anyone under investigation can opt for house arrest, like former [Defense] Minister Fernando Botero, for example.

[Valdivieso] Of course, or for other benefits, such a term reduction.

[Ponce] It was reported yesterday that the Prosecutor General's Office had rejected benefits to three Cali Cartel leaders who turned themselves in.

[Valdivieso] As far as I know it is only one. I do not want to make a mistake. Let us say that it is one of the members of the top leadership who surrendered. The prosecutor who evaluated the conditions of surrender determined that benefits were not applicable because the circumstances of the surrender were more in line with seeking protection due to the pressure being exerted by the security organizations against him. If he is being chased and emerges somewhere else and gives himself up...

[Ponce] Objectively speaking that is surrender.

[Valdivieso] Of course, he is discovered just when he was about to be found. What the justice system wants is collaboration.

[Ponce] There has not been collaboration during the questionings?

[Valdivieso] Up to now I do not think so. When they request these benefits in exchange for collaboration with the justice system, then the benefits will be established by a prosecutor in accordance with the evaluation.

Guillermo Pallomari's Statements to Prosecutors Viewed

Confirms Cartel Campaign Contributions

PA2511034995 Madrid EFE in Spanish 1311 GMT 23 Nov 95

[FBIS Translated Text] Santa Fe de Bogota, 23 Nov (EFE)—The Cali drug cartel donated approximately 7 billion pesos (approximately $9 millions) to the 1994 electoral campaigns of Colombian President Ernesto Samper and several Liberal Party parliamentarians.

According to a report that appeared in the Bogota EL TIEMPO newspaper today, Chilean Guillermo Pallomari, alias "Reagan," who is the alleged "treasurer" of the Cali Cartel, made this assertion to two Colombian prosecutors in the United States, where he has taken refuge.

Pallomari surrendered in mid-year to U.S. authorities and according to the Colombian media, has become the main witness against Gilberto and Miguel Rodriguez Orejuela, the top Cali Cartel chieftains. Pallomari worked for several years as an accounting adviser to the Rodriguez Orejuela brothers.

According to EL TIMEPO, the Chilean has revealed that Miguel Rodriguez opened several banking accounts in Cali, with false names and documents, to finance the liberal politicians' campaigns.

Pallomari has also reported on many politicians and journalists who received money from the drug traffickers and appear with code names in the Cali Cartel's account books.

Other media sources have recently revealed, that Pallomari, in his statements to the Colombian prosecutors who traveled to a secret place in the United States to

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question him, confirmed the confession made by Santiago Medina, the treasurer of Samper's electoral campaign, that he received approximately five billion pesos (more than $6 million at the 1994 exchange rate) from the cartel.

Medina is currently under arrest, as are the director and administrator of Samper's campaign, former Minister Fernando Botero, and Juan Manuel Avella respectively.

The Colombian president has denied Medina's charges that are currently being investigated by an Accusation Commission of the Chamber of Representatives.

Reveals Cartel Infiltrated Search Bloc

PA2611003995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 25 Nov 95

[From the "Cripton Newscast"]

[FBIS Translated Text] The details of Guillermo Pallomari's questioning in the United States are being made known little by little. Pallomari, former accountant of the Cali Cartel, revealed names and the way the Rodriguez Orejuela brothers spied on the Search Bloc members.

For more than a year, the corporation Exporcafe paid more than 700 million pesos to the Cali Cartel spies who had infiltrated the Search Bloc and Cali's telephone enterprise. The infiltrated group's activities made it possible for the drug capos to evade the authorities. Exporcafe's legal representative appears to be Eduardo Gutierrez, a lowly Cali worker who lost his papers and ended up signing checks for millions, something he had never dreamed of doing. According to Pallomari, Exporcafe was a front enterprise created by Miguel Rodriguez Orejuela.

The investigators report that the group of spies, headed by someone called Carinito, was in charge of providing precise information on the Search Bloc's movements and searches. For his services as a spy, Carinito received more than 200 million pesos. Nissan, another of the cartel's spies, this one in charge of reporting on undercover policemen's names and the Search Bloc's vehicles in Cali, received a little over 300 million pesos. To intercept the communications of the police and the Prosecutor General's Office, the cartel assigned Alex, a.k.a. Chapulin, and a man by the alias of Pinchadito. These two spies collected more than 150 million pesos.

This information was provided by Pallomari to faceless prosecutors in the United States.

Generals Torrado, Gonzalez Discharged From High Command

PA2611003895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 25 Nov 95

[From the "Cripton Newscast"]

[FBIS Translated Text] More changes in the military High Command were reported in Santa Fe de Bogota this morning. Generals Rodolfo Torrado and Fernando Gonzalez have been discharged.

Major General Torrado's removal from the Army High Command had been an open secret at the Defense Ministry. He had been holding the post of Army inspector general and was also commander of the Army's Search Bloc detachment in Cali. The results of General Torrado's actions as Search Bloc commander had not been as effective as those of the police. In addition, he has been suffering from poor health. It has been reported unofficially that he was removed from the High Commnand for these two reasons.

General Gonzalez is being investigated for illegal acquisition of wealth. He was an intendant in Arauca Department.

The new inspector general is Navy Vice Admiral Roberto Serrano Avila.

According to the Defense Ministry, these changes are part of the Armed Forces' normal annual reorganization.

Ecuador

Voters Reject Presidential Proposals in Referendum

PA2711010795 Quito Voz de los Andes in Spanish 2345 GMT 26 Nov 95

[FBIS Translated Text] We are close to the end of this civic day, which began in the early morning hours, meaning the referendum summoned by the government of conservative Sixto Duran-Ballen. The results of a survey conducted by private company Cedatos regarding the 11 questions to which Ecuadorans replied today were negative, meaning a setback for the government.

The results of Cedatos' unofficial exit poll were as follows: 49.5 percent were against granting the provinces greater decisionmaking authority and autonomy to handle health, education, housing, road, and environmental cleanup problems; 45.4 percent were in favor.

In addition, 55.3 percent rejected being allowed to choose freely and voluntarily the social security system, whereas, 39.9 percent supported the idea.

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On another issue, 49.9 percent of those surveyed were against drafting the budget province by province, whereas 44.8 percent were in favor.

Cedatos reported that 54.7 percent rejected the ban against stoppages of public services, even during strikes, whereas 40.2 percent were in favor.

On the matter of dissolving Congress at this time and immediately summoning the elections of deputies, 54.1 percent were against it, but 39.5 percent were in favor.

In addition, 53.7 percent were against the election of independent deputies and by district for a four-year period, whereas 40 percent voted in favor.

On the election of the president and vice president of the Congress every two years, 52 percent said they were against it, whereas 41.7 percent were in favor.

Also, 52.2 percent said they were against ordering the National Congress to incorporate into the Constitution the decisions that were approved within a 90-day period starting from the proclamation of the results of the referendum, whereas 42.1 percent were in favor.

With regard to the question on the creation of a national judiciary consensus [consenso nacional de judicatura] to appoint the judges of the Supreme Court of Justice and other courts and control and supervise them, 52.4 percent were against it, whereas 41.3 percent were in favor.

Also, 52.2 percent were against the elimination of privileges in the public sector, meaning that only workers could create unions, but 41.1 percent were against.

Of the people surveyed, 53.8 percent rejected the creation of a constitutional court to replace the existing Court of Constitutional Guarantees and the Supreme Court's Constitutional Chamber, whereas 39.3 percent supported it.

To conclude, and according to the unofficial Cedatos survey, the results to the 11 questions were negative. Ecuadoreans, according to unofficial polls, replied no the 11 questions of the referendum summoned by President Sixto Duran-Ballen, which was held Sunday, 26 November.

[Madrid EFE in Spanish at 2350 GMT on 26 November carries a 300-word Quito-datelined report citing Public Administration Secretary General Carlos Larreategui as saying that the survey results "are completely partial, and we have to wait to have fuller information." He also denies that a triumph of the no vote could be interpreted as a vote to punish the government. Cedatos Director Polibio Cordoba is quoted as saying that it's unlikely that the final result will be different from the survey results "in view of the gap between the yes and no votes."]

Exit Poll Results

PY2711111095 Madrid EFE in Spanish 0150 GMT 27 Nov 95

[FBIS Translated Excerpt] Quito, 26 Nov (EFE)—An exit poll conducted at voting stations throughout the country shows the Ecuadoran people voted "no" to all the proposed constitutional reforms in the plebiscite held today.

The exit poll conducted by the Cedatos private company which had been contracted by the government shows the result of the plebiscite was 43.99 percent for the "yes" vote and 56 percent for the "no" vote, based on questions posed to 55,000 voters.

The Supreme Electoral Board will release within 10 days the final results of the plebiscite after the vote count, based on the 11 questions posed by the government on reforms to the Constitution. [passage omitted]

No Discretionary Funds for Vice President's Office

PY2511015495 Quito Voz de Los Andes in Spanish 2300 GMT 24 Nov 95

[FBIS Translated Text] In view of the corruption scandal which resulted in the escape from the country of former Vice President Alberto Dahik, Comptroller General Juan Carlos Faiduti has eliminated the vice president's office from a new regulation on the allocation of discretionary funds.

In compliance with the new regulation, which is not yet in force, only the president's office, the Defense Ministry, the Ministry of Government and the National Board [not further identified] will be entitled to receive discretionary funds.

The new regulation also states that the discretionary funds must be deposited in Central Bank accounts in the name of the institution to which they have been allocated. In addition, it states that the authority in charge of managing these funds is obliged to render an accounting every three months, and that these funds can only be used to safeguard national security at the domestic and international level.

According to Faiduti, this new regulation encompasses a series of measures granting the comptroller general the necessary legal tools to exert a strict control over the use of discretionary funds, which recently have been the subject of great controversy.

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A series of alleged irregularities in the handling of discretionary funds allocated to the vice president's office have been disclosed in the last three months.

Finance Minister: Economic Stability Maintained

PY2311002895 Madrid EFE in Spanish 0031 GMT 22 Nov 95

[FBIS Translated Text] Quito, 21 Nov [EFE]—Ecuadoran Finance Minister Ivan Andrade today noted that despite the war and the political and energy crisis that shook the country this year, Sixto Duran-Ballen's conservative administration has managed to maintain a relative economic stability.

During a meeting with Foreign Press Association (APE) representatives, Andrade mentioned that the public sector's deficit by the end of the year will amount to minus 1.1 percent of the GDP, the annual inflation rate will amount to approximately 19 to 21 percent, and the economic growth rate will be 3 to 3.5 percent.

He expressed regret at the fact that during the last quarter of 1994, the public sector's surplus amounted to 5.5 percent of the GDP.

In referring to the undeclared war between Ecuador and Peru in January and February, the political crisis that existed from June to September as a result of the charges of alleged corruption that ended with former Vice President Alberto Dahik fleeing the country, and the persistent drought that resulted in long power cuts throughout most of the year, Andrade said that "the most drastic repercussions are always in the economic field."

Andrade said that Duran-Ballen's government hopes to attain an "orderly transition" when it ends its term in office in August 1996, and that in December of that year his successor will harvest, among other indicators, a 0 percent fiscal deficit, an inflation rate between 17 and 19 percent, and a 4-percent annual economic growth rate.

During the past few weeks, the members of the so-called economic front of Duran-Ballen's cabinet have held "meetings" with the economic teams of the presidential candidates who have a chance of winning the elections with the purpose of preventing any difficulties and guaranteeing a continuity. Although he revealed this information, Andrade refused to mention any names.

In a sort of assessment of the 39 out of 48 months of this administration, the minister said that "a great percentage of the goals of the irreversible process to improve the economy have been attained," although he mentioned among the objectives yet to be completed the privatization of the telecommunications system, the modernization of the public institutions, and the reform of the social security system.

He disclosed that "the technical-financial evaluation of EMETEL (State-Owned Telecommunications Company) will take another four to six months, and I believe its sale will take place during the second half of next year."

Andrade also mentioned that the number of public servants has dropped from 450,000 to 400,000 during this administration, but that "the public administration still needs to become more efficient."

In response to insistent questions on the social cost the government's neoliberal model has represented and the criticism of his ministry for the budget cuts in the social field, he answered: "I am responsible for having a manageable budget." "Not all the country's needs will be satisfied because ours is not a wealthy country; we have to remember we are a poor country striving to become less poor. The best way not to affect the social sector is by curbing inflation, and we have managed that."

After recalling that the relationship between the foreign debt ($11 billion) and the GDP at the beginning of the decade surpassed 100 percent, Andrade disclosed that it is now 73 percent, and will reach 50 percent "within three to five years."

Peru

Editorial Views Repercussions of U.S. Budget Crisis

PY2211175895 Lima EL COMERCIO in Spanish 16 Nov 95 p A2

[Editorial: "The U.S. Financial Crisis"]

[FBIS Translated Text] The lack of political consensus prevailing between the U.S. executive branch and Congress has emerged once again this week generating a wave of concern throughout the world not only because of its domestic but because of its foreign repercussions as well.

As it was reported, both government branches cannot reach an agrement on the 1996 budget, prompting in practice the closure of some federal institutions for two consecutive days because the Administration lacks the money to pay the salaries of employees from those institutions.

The Clinton administration had asked Congress for a provisional supply of funds to be charged on the 1995-96 budget "so that the government may continue functioning."

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Nevertheless, this amount was linked to the reduction of a set of government social activities, a measure proposed by Republican congressmen the executive branch refuses to accept. It is a matter of reducing expenditures earmarked for current medical services for the poor (Medicaid) and for the aged (Medicare) so as "to balance the budget for the year 2002," according to the decision of Congress, which has a Republic majority

What will be the future repercussions of the current "administrative closure" which had happened in the past in 1981, 1984, 1986, and 1990?

Domestically, it has initially forced President Clinton to adopt special measures to prevent bankruptcy, such as the use of trust funds which are under the government administration. Externally, it has already resulted in the restriction of the issuance of visas for the United States in Mexico.

Outside these operations, however, what remains clear once again is the importance of consensus in the political field, especially when the parties that should agree lose perspective on the issue and jeopardize the citizens.

The world hopes that the United States will resolve its domestic problems for the good of the Americans and also for the future of the international order, where over the past few years it has played an important role.

Fujimori Praises Police Achievement in Drug Fight

PY2411153695 Lima EL COMERCIO in Spanish 12 Nov 95 p A5

[FBIS Translated Text] During the inauguration of four new police stations, President Alberto Fujimori noted the contribution of the National Police and the Armed Forces to the pacification process and the struggle against drug trafficking.

He said that "although there is still a lot to be done, the National Police has attained concrete results such as the incineration of 3.5 metric tons of drugs in the Barbadillo estate."

He also disclosed that another 4.5 metric tons of drugs will be incinerated on 14 November. He said that a total of 24 metric tons of drugs, which represents a record amount, have been incinerated so far this year.

He went on to point out that "this does not mean that drug production has increased but rather that the National Police and Armed Forces, through a combined effort, have neutralized those engaged in this business by confiscating drugs."

The new police stations are located in San Juan de Lurigancho, Santa Clara, Chaclacayo, and Chosica. Each one of them represents an investment of $250,000.

The country needs approximately 1,800 police stations but during the past 13 to 14 years 900 closed due to terrorist activities, according to Fujimori.

He then added that in an attempt to recover them, "a total of 300 police stations were built during the first five years of my administration and this year we hope to inaugurate 10 per month, which represents 120 police stations per year."

He commented that thus, by the end of his mandate, the National Police will be in every corner of the country.

Fujimori said: "Now, in order to reestablish its presence there are stations in the affected towns of Coracora, Huaytara, and Chuschis in Ayacucho. Peru will thus become one of the leaders in Latin America and there should be no doubt about that."

The chief of state revealed that within the framework of his pacification program, the members of the so-called Los Panchos firm, linked to Cachique Rivera's group, were arrested.

He then went on to explain that it is not a question of merely capturing drug traffickers, as in other countries, but a National Police persecution against them.

Fujimori said that these results were obtained with the financial support of the Peruvian Government.

He also said that the construction of the police stations in the key points was done with the Interior Ministry's cooperation.

"Most of the police stations represent the government and have a closer relationship with the civilians. One example of this relationship is the creation of civilian committees with the support of the National Police."

The police stations materialize with the support of the Interior Ministry, the National Police, and the civilian committees.

He also pointed out that tomorrow, for the first time after various municipal elections, there will be candidates in all the jurisdictions. "The local governments will not be beheaded because the people will elect their leaders. It is noteworthy achievement that should be normal, but this has not happened for years."

"These municipal elections will be carried out normally, with the necessary safety, because the police and Armed Forces will be in charge of this."

He urged all citizens to calmly and safely cast their vote tomorrow.

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Commentary Views Fujimori's Municipal 'Defeat'

PY2511023695 Lima EL COMERCIO in Spanish 14 Nov 95 p A2

[Commentary by Mario Pasco Cosmopolis: "Good Neighbor, Better Mayor"]

[FBIS Translated Text] President Alberto Fujimori has just suffered a predictable and unnecessary political defeat in the Lima and Callao municipal elections. After announcing that his party—that is, the government—would not present any candidates, he changed his mind and launched, "by giving his full support," Jaime Yoshiyama's candidacy in Lima and Kurt Woll's in Callao. All three were defeated.

Many explanations could be given for this defeat. Undoubtedly the most obvious one is that a single person enjoyed too much power. It seemed an abuse, an exaggeration, and "greed" on the part of Fujimori to try to take control of the municipal districts when he already has the executive branch fully under his control, the legislative branch subject to him, and the judicial branch cornered by him. It is quite obvious the people were not prepared to give him another blank check, as many interpreted his victory in April, although that check, blank or not, could not be endorsed.

The surprising thing, too, was that his unexpected determination to present official candidates was restricted only to Lima and Callao. Could it be that he was not interested in the rest of the country, that it did not deserve his support? This curious concentration was a revived version of centralism, because if the government announced its decision to support a candidate, it had the moral duty to support other candidates in other cities, but it only extended this support to Callao. Callao, together with Lima, currently forms a huge single district which, in other words, almost means it belongs to Lima. The reasons for this decision were never revealed.

There is another fact that, in the end, had a negative impact on the government: Becoming so strongly and fully committed to a single candidate entailed an undue pressure on the voters, and was regarded as a concealed threat or blackmail, a maneuver against any other candidate. Was the great confrontation with Mayor Belmont a warning that the government would only support whoever obeyed it unconditionally, or that it would deny support, to an inconceivable degree, to whomever confronted it?

Moreover, as never before these elections appeared to be typically local. It has always been stated that neither the best politician nor candidate appointed by the party but rather the best neighbor makes the best mayor. Well, markedly weakened, the parties, even the ancient militants—Andrade and new Chalaco Mayor Alex Kouri used to belong to the PPC [Popular Christian Party], the mayor elected in Trujillo to the APRA [American Popular Revolutionary Alliance]—have chosen to run independently, only vaguely referring to their political past or not even mentioning it. As a consequence, instead of ideological confrontations, they have been able to make more concrete proposals, more realistic offers. This was the case in Lima and everywhere else.

Fujimori, who is very clever at assessing the people's reactions, seems to have failed this time. His appearances in public could not have been planned worse. His much publicized participation in programs concerning garbage collection did no good for his candidate, who appeared to be left in the background. Nor were his commentaries regarding the candidate who won the elections very opportune. When the realization came to him, his decision to remain silent was too late and was interpreted rather as an attempt to free his image from results which he knew would be adverse. Yoshiyama and Woll were left alone. The government support was rather like the "embrace of a bear."

The government could have avoided all this, in a very elegant manner, had it fulfilled its initial plan and done in Lima what it did in the rest of the country: Not get involved in the municipal elections, and give its support to whoever was elected, no matter who it might have been. That is what it should have done, but failed to do.

As a result of a miscalculation and mistaken assessment, the splendor of the April victory is beclouded by this glaring defeat. As we have stated, this has been an unnecessary defeat, and President Fujimori will have to carefully interpret its meaning. That meaning, in our opinion, is punishment for a mistaken decision and an even worse campaign, temporary situations, but that do not lead to questioning of a policy or demands for any change in the path being taken. The elected mayor of Lima, who from the very beginning appeared as the winner, was very careful not to attack the government or its outstanding achievements but, rather, to note their affinities. Therefore, the government would have lost nothing had it supported him openly or discreetly.

The extraordinary thing about this election is that Lima had two candidates, both of them very good ones. This is the first time people were able to vote for one candidate and at the same time regret that the other candidate could not win also. For in this case, it is regrettable that a person with Jaime Yoshiyama's capabilities was harmed by the result. Everybody who knows him thinks he is a man with a lot of merit, professionally as well as personally speaking, and deserving because of his clear

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ideas, his firm convictions, and his true desire to serve, which he has shown in the public posts he has occupied. His noble gesture of congratulating the winner as soon as the unofficial results of the election were disclosed is revealing.

Some speculate that the decision to launch him as a mayoral candidate was a preannouncement of his candidacy for the presidency, for which a victory in these elections and a brilliant performance as mayor would have been an ideal catapult. Other evil-minded people thought the opposite: The purpose was to "ruin" him politically with a defeat. We in particular do not believe in any of the theories because Yoshiyama was, in himself, a good candidate and would have been an excellent mayor, full of plans and projects and a desire to implement them. He will now have to use his capacity in terms of dealing with the poorest and remotest towns from the almighty Ministry of the Presidency.

Andrade, undoubtedly, was not lingering behind Yoshiyama, and in certain aspects he enjoyed a clear advantage, as in his concrete experience as mayor, a job in which he has proven capable in the Miraflores city hall, an exemplary neighborhood from many viewpoints. Naturally, the challenge he is now facing is much more serious and complex. His future job will be to restore the historical sector, so seriously damaged and degraded; solve the problem of street merchants, who have taken over public areas and contributed, more than anybody else, to the degradation of the historical areas; and organize the traffic situation, one of the most chaotic in the world, the rubbish collection, the rationalization of public servants, the adjustment of property taxes, and a long and complex list of other things. This is probably the most difficult and least attractive post and demands, more than anything, precisely what Andrade has offered: to recover authority.

We seriously believe that, fortunately, we have elected a good mayor. We want to wish him the best. Lima seriously needs it.

Judicial Branch Reorganization Approved By Ruling Bloc

PY2211224695 Lima LA REPUBLICA in Spanish 17 Nov 95 p 4

[FBIS Translated Excerpt] With 67 votes in favor, the ruling majority in the Peruvian Congress approved the reorganization of the judicial branch last night, without the intervention of the top committee of the executive and legislative branches, thus reversing the original decision on Congressman Oscar Medelius Rodriguez's project.

The meager voting on the bill, which was supported by Justice Committee President Jorge Muniz Siches, was held almost at midnight after the UPP [Union for Peru], APRA [American Popular Revolutionary Alliance], and Code-Action Popular [Democratic Coordinating Board-Popular Action], and IU [United Left] had left in protest saying the ruling party would approve a bill without a previous ruling.

Representatives of the opposition, among them Jorge Avendano Valdez and Alfonso Grados Bertorini of the UPP, termed it a retrograde step by the ruling party in its attempt to "meddle in the judicial branch." This retrograde step is the consequence of pressure by broad sectors of the country that described the ruling party decision as unconstitutional. [passage omitted]

The administrative reorganization of the judicial branch will be entrusted, within a period of 360 days, to an executive committee comprising Supreme Court judges and presidents of the constitutional, civil, and criminal courts of the Supreme Court, who will act as a collective organization, independent of the posts they might have during the next judicial year. [passage omitted]

Venezuela

Authorities Investigating Attack on Presidential Plane

PA2511200395 Caracas EL UNIVERSAL in Spanish 25 Nov 95 p 1-1

[FBIS Translated Text] Several shots were fired at the presidential plane parked in La Carlota on the night of 23 November at 2100, it was reported in Miraflores yesterday.

One of the bullets damaged the engine of the King 200 aircraft that was in the line of fire.

Soldiers at the General Francisco de Miranda Air Base at the time were immediately mobilized. It is still not clear where the shots came from or who perpetrated the attack.

It was announced that the DIM [Military Intelligence Directorate] and the PTJ [Judicial Technical Police] will be in charge of the investigation.

Yesterday morning, President Rafael Caldera received Division General Juan Antonio Paredes Nino, the air force inspector general, in Miraflores. Gen. Paredes gave the president a report on the accidents at La Carlota and Palo Negro (Aragua State) that killed distinguished Air Force officers. He also briefed him on the presidential plane incident that took place in La Carlota two nights ago.

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President To Swear In New Health Minister

PA2511031495 Caracas Venezolana de Television Network in Spanish 0200 GMT 24 Nov 95

[Report by anchorman Mario Jota in the studios and Pedro Prado at Miraflores Palace in Venezuela — passage within quotation marks are recorded]

[FBIS Translated Text] [Jota] There was talk about the economic cabinet's resignation and there was also talk that the development minister had resigned upon request from the head of state, but the president personally denied the rumors.

[Prado] Carlos Bernardez' departure from the government early this week unleashed a wave of conjectures and speculation about the cabinet's dismantlement, but the president countered the rumor by denying reports about government rifts.

[Caldera] "The only thing I can say is that the rumor mill is one of the most prosperous industries in Venezuela. It operates [words indistinct]."

[Prado] The president of the republic will proceed to swear in Pedro Rincon Gutierrez as new health minister and former Health Minister Carlos Walter as minister of state president of the Venezuelan Social Security Institute's Reorganization Board on Friday, here at Miraflores Palace.

Minister Confirms IMF Negotiations on Standby Agreement

PA2411170995 Caracas ECONOMIA HOY in Spanish 22 Nov 95 p 10

[By J. Gregorio Yepez]

[FBIS Translated Text] The administration is negotiating a standby agreement with the IMF to improve the flow of resources from that organization, increase international reserves, help dismantle currency exchange controls, and correct the fiscal imbalance, Finance Minister Raul Matos Azocar reported during a Chamber of Deputies Finance Committee meeting. Matos Azocar added that the standby agreement could later be broadened into an agreement for greater financial facilities. "An agreement for greater financial facilities takes more time because the IMF suggests structural changes. Since we are already moving toward those kinds of changes, we are discussing a standby agreement which could later be broadened to include greater financial facilities," Matos Azocar said. Matos Azocar also said that included among the options to reduce the 1996 fiscal deficit from seven percent to three percent of the gross domestic product is a temporary tax on financial transactions of 1.25 percent. However, it became known that the administration has different scenarios worked out: —A 1.0 percent tax levied on corporations and individuals would yield 255.680 billion bolivars. — A 1.5 percent tax levied on corporations and individuals would yield 383.520 billion bolivars. —A 2.0 percent tax levied on corporations and individuals would yield 511.360 billion bolivars. —A 1.0 percent tax levied on corporations would yield 178.976 billion bolivars. — A 1.5 percent tax levied on corporations would yield 268.464 billion bolivars. —A 2.0 percent tax levied on corporations would yield 357.952 billion bolivars.

The finance minister told meeting participants that a plan to reduce indirect subsidies by 25 percent is currently being studied. It was also reported that increases in electricity and water rates and rates on other services are also being considered.

Government Examines Dual Exchange Market System

PA2211181895 Caracas EL UNIVERSAL in Spanish 21 Nov 95 p 2-4

[Report by Pedro Garcia Otero]

[FBIS Translated Text] The national government is examining a new foreign exchange market plan that implies a significant devaluation of the official dollar rate and the elimination of the Brady bonds market in the Caracas stock exchange.

According to reliable sources close to the cabinet, during government meetings held on 18 and 19 November with the Exchange Administration Board, the Central Bank of Venezuela, and U.S. advisers to the government, they agreed on an exchange system that will be announced this week. According to this system, the "social" exchange rate will remain at 240 bolivares to the dollar and will prevail for importing medicines, essential foodstuffs, and other highly social products.

Under this system, which brings back the dual exchange rate that had disappeared from the country in 1989, another freely floating dollar rate will be used for all the country's nonessential imports. This other rate will be available for unlimited amounts of foreign exchange in order to make the Brady market, which has been in effect since 22 June 1995, disappear.

The upcoming disappearance of the Brady market stems from the fact that this mechanism to obtain foreign exchange for the private sector is highly volatile and implies high financial costs for the country, because the Republic depends on public debt instruments that pay interests and because the bonds are purchased in Venezuela and abroad at or over par value are worth only half their par value due to its quotations in

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international markets, according to unofficial spokesmen who participated in the meetings.

In addition, the sources explained, the government cannot intervene in the Brady market, and the economic cabinet dislikes this inability to act.

The spokesmen, who asked to remain anonymous, pointed out that this exchange rate would prevail for an indefinite time and will not depend on an agreement with the IMF, because it seems that the foreign experts, whom the spokesmen refused to identify but who have previously advised the country, told the government that the IMF does not believe this is a basic issue in the negotiations between Venezuela and the multilateral organization.

This is how the interest the government has voiced in numerous occasions in making the lifting of the foreign exchange control process gradual would be met. However, the spokesmen were skeptical on the temporariness of the measures. "This exchange control, the one currently in effect, was temporary, and it has already lasted a year and a half," the source complained.

Approximately seven months ago, the government unofficially announced a triple exchange system "as an experiment" to probe public opinion. However, the numerous rejections voiced by people who rightfully feared a new National Preferential Exchange Office made the government quickly desist from implementing this mechanism.

Exchange Administration Board Members Take Office

PA2311001895 Caracas Venezolana de Television Network in Spanish 1545 GMT 21 Nov 95

[FBIS Translated Text] Exchange Administration Board [JAC] members will take office today without a clearly defined policy for prioritizing the distribution of a reported $800 million in foreign exchange to the private sector. Gonzalo Aguirre, Rafael Pena, German Briceno, and Ester Hidalgo will be formally sworn in today as JAC members. Gonzalo Aguirre, the Finance Ministry representative who has been named JAC chairman, will be responsible for prioritizing foreign exchange requests:

[Begin recording] [Aguirre] The development and agriculture ministers will set the priorities. They have a lot of information.

[Correspondent] Will the manufacturing sector receive dollars this week?

[Aguirre] Certainly. We will begin handing out dollars this week. [end recording]

Outgoing JAC Chairman Samuel Wilhelm stressed that the JAC authorized not even $1 over the assigned availability, adding that the JAC always acted in accordance with foreign exchange regulations:

[Begin Wilhelm recording] The country lacks import programs, even though the foreign exchange regulations call for this. The corresponding ministers will be responsible for approving import programs on the basic needs of the country. A foreign exchange budget is also required. [end recording]

Other former JAC members said that they fulfilled their duties, despite obstacles and difficulties. They also welcomed new JAC members and offered some advice:

[Begin recording] [Roman Duque Corredor] They should work at the same pace we did and the same hours we did.

[Domingo Maza Zavala] High-ranking government officials should ultimately be the ones who decide foreign exchange policy, when they deem it expedient. [end recording]

Board To Receive Foreign Exchange Allotments

PA2211224195 Caracas Venezolana de Television Network in Spanish 1545 GMT 21 Nov 95

[Report by Zaida Pereira]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar announced during the continental labor union summit a few minutes ago that the Exchange Administration Board [JAC] will begin receiving foreign exchange allotments today. Matos Azocar told the seminar on social dialogue that the Venezuelan Workers Confederation is sponsoring that the JAC will receive a new foreign exchange allotment for exceptional cases today:

[Begin recording] [Matos Azocar] We will advise the JAC today that it will be allowed to discuss pending issues, including medicine, food, spare airplane parts, and repatriation of airlines. The JAC will have enough foreign exchange to cover these expenses.

[Correspondent] How much money will be earmarked for this?

[Matos Azocar] They did not specify that because they were making the calculation based on new data from the oil industry. The Central Bank might be able to answer your question. [end recording]

Regarding speculation surrounding the Brady Bonds, the minister confirmed that a commission has been appointed to look into the Caracas stock exchange and whether this is indeed taking place.

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Suriname

President Suspects Netherlands Desire For Reintegration

BR2411162295 Amsterdam DE VOLKSKRANT in Dutch 24 Nov 95 p 6

[Unattributed report: "Paramaribo"]

[FBIS Translated Text] Surinamese President Venetiaan suspects "political circles" in The Netherlands of having the secret desire to reincorporate Suriname in the Kingdom. He claims that certain political parties aim at getting their share of Suriname's "economic potential," even if this desire is not expressed aloud.

Venetiaan said so during a press conference in Paramaribo on Thursday [23 November], on the occasion of the twentieth anniversary of Suriname's independence on 25 November. The president refused to elaborate on the identity of the relevant politicians. "However, we are dealing with political forces which are represented in the House of Representatives."

Venetiaan referred to the Netherlands suggestion in the early 1990s to send Netherlands military to Suriname in order to break Commander Bouterse's power. "There was some concern about the fact that Suriname would be surrendered to another country's forces. That country had offered to come over here with military, but an army from outside affects our sovereignty. Power would then have been transferred to that other country," the Surinamese president explained.

Minister Rules Out Extradition of Former Army Leader

BR2211092595 Rotterdam ALGEMEEN DAGBLAD in Dutch 21 Nov 95 p 5

[Report by Wilco Boom: "No Way That Bouterse Will Be Extradited"]

[FBIS Translated Excerpt] Paramaribo — The Surinamese Government is not even considering the extradition of former Army leader Bouterse if The Hague requests it, says Surinamese Justice and Police Minister S. Girjasing. "Our Constitution does not permit the extradition of Surinamers. Let there be no misunderstanding about that."

The minister was surprised to hear Procurator General Docters-Van Leeuwen state recently to the parliamentary investigation committee on police tracing methods that he had only known "for a couple of weeks" that the former colony does not extradite its citizens for prosecution and trial.

[Girjasing] It has been written in our Constitution ever since our independence in 1975. The Netherlands helped us draft this Constitution.

[Boom] Along with many other countries in 1988 Suriname signed the Vienna Treaty, directing countries to do everything possible to combat the drugs trade. These treaties take precedence over the Constitution. Should Suriname not therefore agree to extradition?

[Girjasing] The treaty also makes it possible to reject extradition requests when they are at variance with national legislation, among other things. This is clearly the case. A treaty can never be meant to conflict with your national legislation." [passage omitted]

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